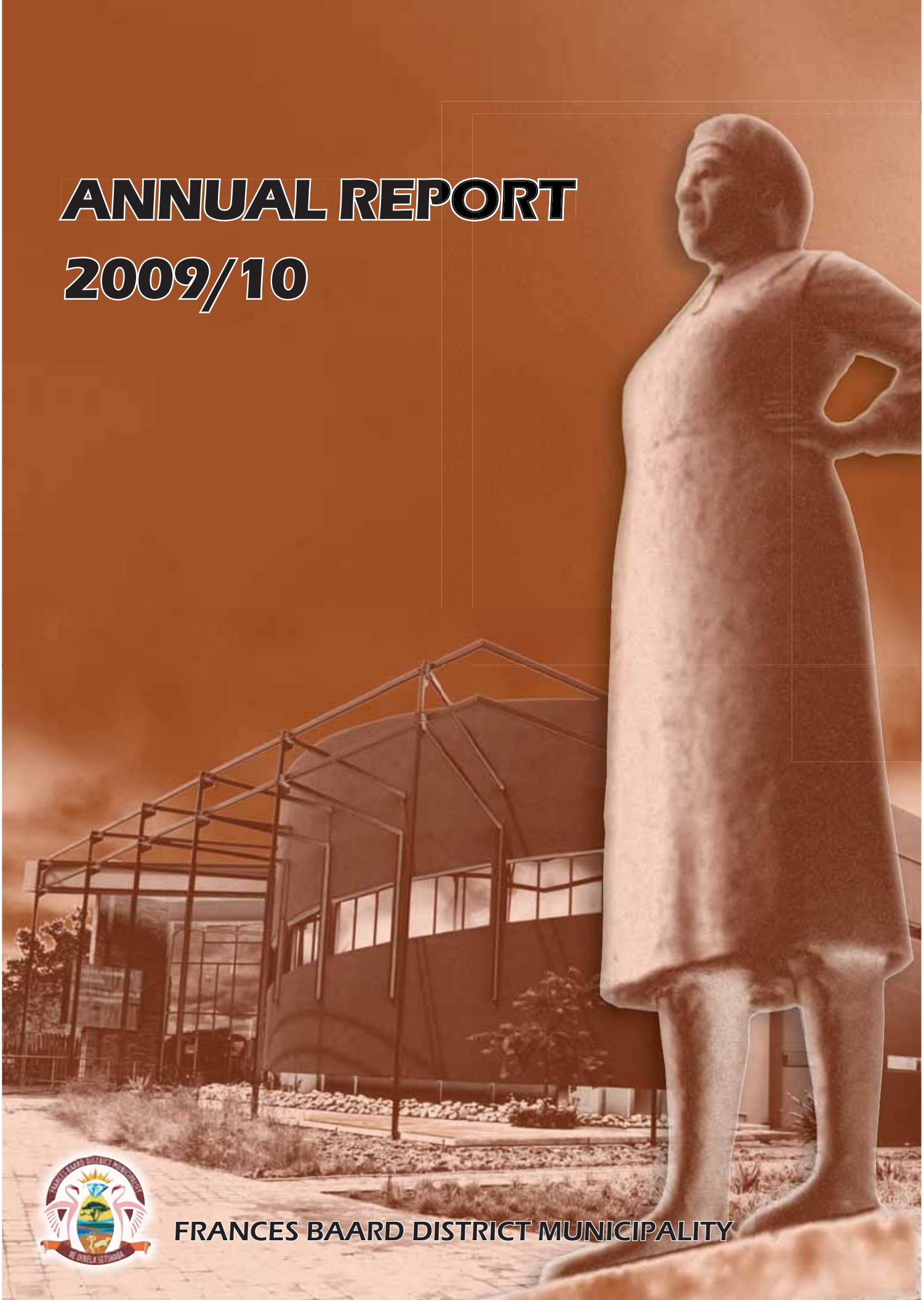
ANNUAL REPORT 2009/10



FRANCES BAARD DISTRICT MUNICIPALITY

Frances Baard District Municipality

Annual Report 2009/2010

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Coat of Arms (Adopted
Explanation of symbols:

Arms - Separating the top section from the bottom of shield are bands of blue waves which represents the Orange and Vaal Rivers which flow through this region. A green band between the blue bands signifies the fertile soil found along the banks of these rivers. Located at the bottom of shield is the historic rock art paintings of the Khoisan. These paintings contributes significantly to the historical value of the region. A diamond placed above shied signifies economic as well as historic values of the region. The rays of the Northern Cape sun is placed right abve the shield, signifying energy, strength and life-giving cspsbilities.

Supporters - Dexter and sinister are flamingoes on each side of shield. A bird common to this area and well-known for its beauty.

Motto - **RE DIRELA SETSHABA, Tswana for: "We serve the Community"**

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"We serve the community . Ons dien die Gemeenskap . Re direla Setchaba"

FOREWORD BY EXECUTIVE MAYOR

It is my privilege to present the 2009/10 annual report for the Frances Baard District Municipality (FBDM).

2009/10 has been a year of great excitement for all. This rings even more true in the context of the FBDM. I am pleased to report continuous progress within the district municipality over the past year with regard to reaching our basic service delivery targets and building on a strong administration.

As the Council enters its final term of office it is with a sense of pride that we reflect back on the achievements within the year under review.

Continuity and sustained engagement are essential preconditions for long-term political success. This could not be more evident in the FBDM with the strong and healthy relationship that exists between the Council and the administration.

This annual report which takes stock of the events and efforts of 2009/10 is a true representation of the selfless hard work that was put in by all at the district municipality. The report provides a summary of the many activities carried out by the district municipality.

We pride ourselves in the Integrated Development Plan (IDP) processes of the district municipality which is of the highest quality in the province. Over the past two years our IDP was rated the most credible planning document intrinsically linked to our budget.

In order to enhance planning two years ago Council established a separate Planning and Development Department. The Spatial Development Framework (SDF) for the district was prepared and adopted by Council. So too the SDFs for all the local municipalities i.e. Magareng, Phokwane, Dikgatlong and the District Management Area (DMA) were prepared and adopted.

The FBDM have proven once again that through good and sound financial management good governance can be achieved. The fact that the district municipality is standing on a record fourth consecutive clean audit is evidence of this fact.

The FBDM was nominated as an Ambassador for Clean Audit in July 2009, an honour which placed a great responsibility on the Council and staff to ensure that we live up to it.

As an ambassador we have already shared our experiences for clean audit with all municipalities in the district and would strive to ensure that the objectives for this operation are achieved by the set date. However, we need to ensure that we do not become complacent. The achievement does put pressure on the Council to sustain clean audit reports.

We pride ourselves in being an institution of discipline and hard work and always putting the needs of our community first. The achievements in the delivery of basic services in the district support the afore-mentioned statement. Huge strides have been made so that currently access to water in the district is above 95%; access to sanitation is above 85%; access to electricity is above 75%.

Despite the substantial progress that has been made in extending basic household services throughout the district, challenges towards meeting the provincial targets, national targets and millennium targets for the provision of basic services still exist.

We will continuously strive to double our delivery efforts which is and have always been focussed on assisting category B municipalities in terms of infrastructure for the provision of basic services.

We take pride in the fact that in 2007 we have achieved the national targets for the provision of water to clinics and in 2009 we achieved these targets for water provision to schools. The national target for the eradication of buckets was achieved in 2008. The national target for sanitation provision to clinics and schools was reached in 2007 and 2009 respectively.

Great strides were made in the Human Resource Management. We have an adopted Institutional Development Plan and in the past year we undertook a district wide skills audit to determine skills capacity in our area of jurisdiction. It is necessary to ensure that we retain and also acquire skilled practitioners to ensure that we maintain our high standards.

I wish to take this opportunity to thank all the councillors who worked shoulder to shoulder with the administrators to ensure that we live up to the expectations of our community.

I know that even after the current Council have vacated the office this institution will continue to build on the reputation as a distinctive municipality for high quality, adherence to policy and legislation and most of all total commitment to the community that we serve.

Executive Mayor
Achmat Florence

MESSAGE FROM THE MUNICIPAL MANAGER

As FBDM enters its final lap of the current local government's term of office, I consider it a great privilege to have been given the opportunity to take the reins of what I believe to be one of the strongest and most action orientated district municipalities in South Africa. The internal work done at FBDM over the past years has certainly made my job much easier and ensured that the residents of the district now enjoy the service of a highly effective and efficient council with stable finances and a clear focus in terms of its priorities, the most important of which undoubtedly continued to be eradication of service delivery backlogs and promotion of sustained development.

Increased access to service delivery and sustained development has not been our only focus. Our goals and objectives are embodied in our five year Integrated Development Plan which set out how and where the available budget of FBDM should be spent in the years ahead. Without a reliable service delivery and essential infrastructure there can be no sustainable development. Council has through conscious participative processes ensured that needs of our communities in the district are prioritised and remain relevant and appropriate for the future of FBDM and its people. As this annual report demonstrates, the FBDM's focus based approach to meeting the needs of its people is clearly paying off. In the past financial year FBDM has made definite progress in delivering stated objectives within its defined priority areas. Ultimately our ability to realize these objectives means a better future quality of live for each and every person that resides in council's area of jurisdiction.

Yes, we still face many challenges. Every municipality does. However I have been privileged to head up the talented and dedicated team of public servants of FBDM. I have witnessed how committed to overcoming these challenges and delivering solutions that meet and exceed the expectation of our communities staff have worked. In the past years we have seen council utilising half of its annual budget to address infrastructure backlogs and maintenance in our local municipalities. FBDM has maintained its intensive focus of building a solid infrastructure and service platform to ensure that access to basic services not only meets the needs of our people, but is robust enough to keep pace with our current and planned implementation of our development mandate.

Our major mandate is to acquire level three accreditation in order to ensure that we contribute robustly to addressing the housing shortages of adequate shelter for our people. Human settlements is a challenge. We have seen some progress by being accredited to provide housing. We are determined to create a liveable environment for the majority of our people.

The 2010 FIFA World Cup was indeed the highlight of the year under review. We are proud as a municipality to the successful hosting of this spectacular world stage. The FBDM is a flourishing and outward looking municipality unique in character and a district with diverse cultures and beliefs.The FBDM is an open, transparent and accountable organization, providing sound governance, stable financial viability and prudent leadership. We stay focused on council's priorities and set targets for delivery, to provide the performance and results that drive the FBDM. We deliver a high standard of core services for the DMA.

The financial year 2009/10 is the fourth year of the developmental local government sustainability phase, which seeks to sustain the developmental role of local government, defined by the White Paper as "local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives". As a district we pride ourselves in having entrenched this developmental role of local government through our involvement in IGR structures and facilitation of public participation forums, committees, road shows.

FBDM has maintained the stability of our financial environment, which is critical if we are to succeed in the fight against poverty on behalf on our citizens. The FBDM has sustained a positive credit rating and successive unqualified audit reports.The FBDM good governance was observed through public participation mechanism, budgetary planning and reporting. Furthermore we have implemented our Work Skills Plan to a workforce capable of delivering on our political mandate of improved service delivery to our communities

The performance highlights presented in this report indicate our consistent progress across the sector performance areas. However, considering the mammoth task of eradicating poverty and creating sustainable human settlements through accelerated economic growth and basic service delivery, greater attention to all these performance areas is necessary.

Municipal Manager
Thabo Nosi

"We serve the community . Ons dien die Gemeenskap . Re direla Setchaba"

CHAPTER 1

CH 1

INTRODUCTION & OVERVIEW

Overview of the municipality in terms of:

Its geographic and demographic profile
Internal and external changes over the financial year

Executive Summary:
Vision, mission, value system
Service delivery successes
Challenges to achieving service delivery

"We serve the community . Ons dien die Gemeenskap . Re direla Setchaba"

Geography

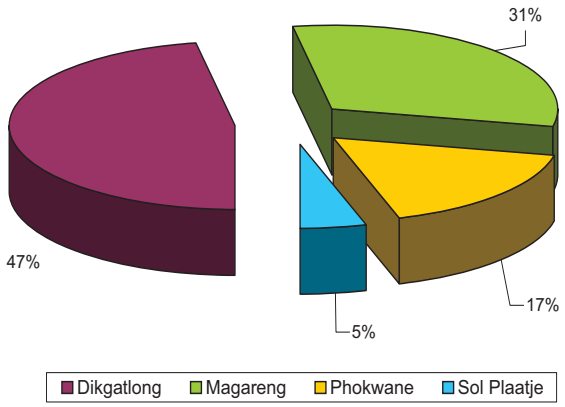
Frances Baard District Municipality is one of five districts in the Northern Cape and the smallest occupying 12,384 km² of the province's total geographical area. The district comprises of four local municipalities (Category B Municipalities) and the District Management Area.

The four local municipalities (LM) are:

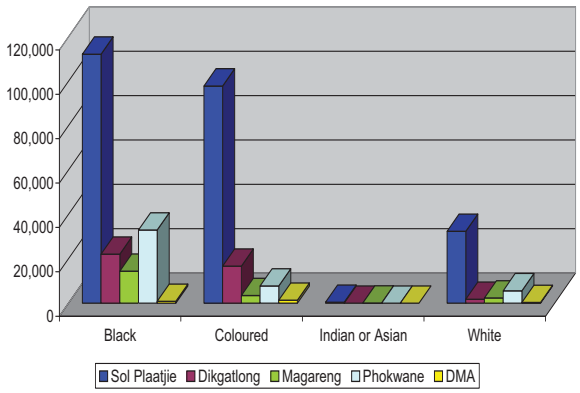
- Sol Plaatje LM
- Dikgatlong LM
- Magareng LM
- Phokwane LM

The district's head office is located in Kimberley, the capital of the Northern Cape Province and in the Sol Plaatje LM area. It is bordered by the John Taolo Gaetsewe, Siyanda and Pixley-ka-Seme Districts to the west while to the north, it is bordered by the North West province and Free State in the east.

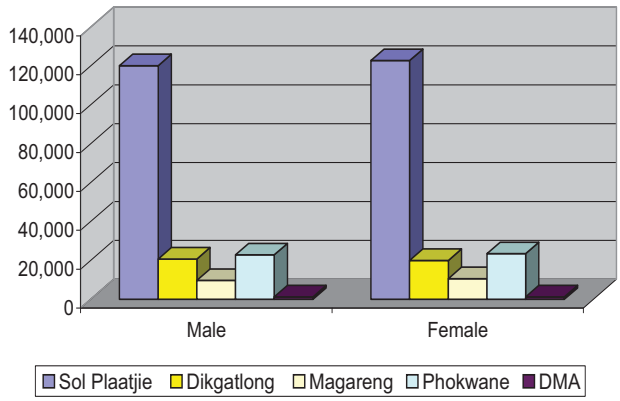
Geographic area of the local municipalities in the Frances Baard District per km²



Geography by population group



Geography by Gender



Demographics

The district has a population of 353,204 persons and 82,887 households. Two thirds (69%) of the district's population reside in the highly urbanised Sol Plaatje Local Municipality. It is followed by Phokwane Local Municipality with 20%, Dikgatlong Local Municipality with 11% and Magareng Local Municipality with 0.1% of the District's population.

The distribution between the gender groups are 48.3% male and 51.7% female. It is reported by StatsSA Community Survey 2007 that two thirds (66.4%) of the population fall within the Potentially Economically Active (PEA) group, with an equal distribution between male (33%) and female (33.4%).

Schooling levels in the District are reported to be low with only 15.6% of Frances Baard District Municipality's population having completed their Grade 12 schooling. A quarter (25.4%) of the population has obtained some form of primary schooling.

Frances Baard District municipality is the most populous district in the province, accommodating for over a third (33.38%) of the provincial population; and majority of which (68.8%) lives in Sol Plaatje municipality. The district is the most densely populated district in the province with a density of about 26.93 people per square km – compared to 0.97 people per square km in Namakwa district.

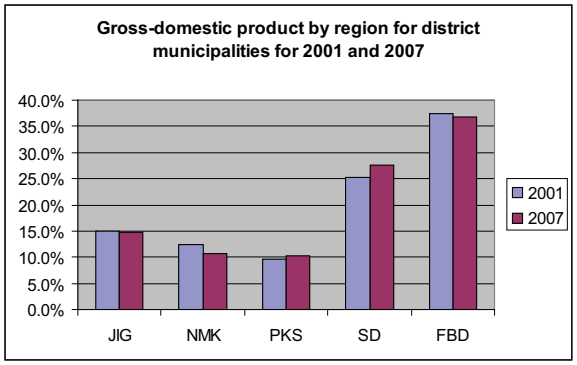
The district generally suffers from low levels of education. Of those who are 20 years or older 11.3% are illiterate; 16.4% have primary education; 6.6% are grade seven leavers; 34.5% have completed secondary school; 21.2% have completed grade 12 and only 10% have higher education (Community Survey–2007). As a result, the majority of the economically active population of the district is unskilled rendering it employable only in semi-skilled and unskilled occupations.

It is important to note that the population is fairly equally distributed with 48.3% males and 51.7% females.

About 66.4% of the population falls within the 15-65 age group or the Potentially Economically Active group. The district is classified as a young municipality with over 70% of its population being less than 39 years of age (Community Survey-2007).

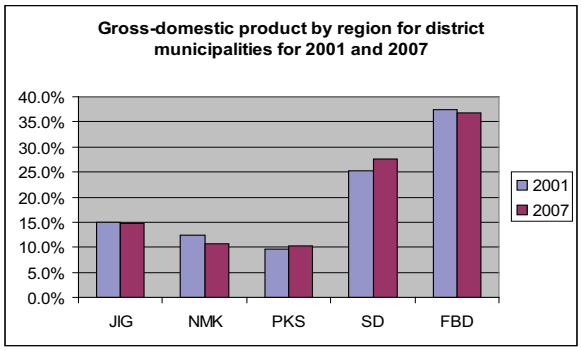
Economic Profile

The economy of the Northern Cape Province remains dependent on the primary sectors of agriculture and mining, and its performance over the years has been below the national average. The economic growth rate of the province was about 2.3% per annum between 2001 and 2007, reaching its peak of 3.7% in 2003 (Statistics SA-2007). Frances Baard District municipality is the only district in the province that enjoyed a stable economic growth of about 3.3% per annum between 2001 and 2007. This is clearly demonstrated by the contribution of each district to the provincial economic growth by utilizing the Growth Domestic Product by region (GDP-R) as shown on figure below:



(SOURCE: Global Insight-2009)

Economic activity is generally measured in terms of production or output reflected as Gross Geographic Product (GGP). The leading sectors within Frances Baard District Municipality are finance and business (20.3%); mining (14.9%); trade (14.4%); transport and communication (13.6%) and community service (10.1%). (See figure below).



(SOURCE: Quantec Standardized Regional Data 2008)

Internal and external changes

The FBDM is continuously adapting and aligning itself to sustain its developmental status. The district municipality have succeeded in the timeous preparation / submission of financial statements to the Auditor-General in terms of Section 126(1)(a) of the MFMA. Financial statements over the past few financial years have been converted from IMFO to GAMAP / GRAP.

The Supply Chain Unit has been strengthened and is now fully capacitated to fuction according to the approved legislative / policy directives. In the year under review a stores facility was implemented and is fully functional.

The FBDM implemented a new "I" Chain asset management system to enhance asset management tracking and to address GRAP compliance issues.

The planning and development unit have been further strengthened with the appointment of a second Town and Regional Planner. This was done to further strengthen the technical support given to local municipalities in terms of town and regional planning.

Plans are underway to fully capacitate all the sub-directorates in the Planning & Development Directorate (e.g. LED Unit, GIS Unit, PMS Unit, Spatial Planning Unit) with fully qualified personnel in the coming financial year.

To ensure that Council adapts to the demands made on it by the internal and external environment and to meet its service delivery challenges Council approved a reviewed organogram in March 2010.

On Woman's Day 09 August 2009, we proudly unveiled the statue of Ma Frances Baard, a heroine during the struggle after which the municipality was named, in the city centre.

It was a happy day indeed when we could at last hold the November 2009 council meeting in our own newly erected council chambers building with offices for political office-bearers. Up till then FBDM was dependent on Sol Plaatje Local Municipality to share their council chambers with us.

The organogram is a long term document that not only reflects the current status of the establishment, but the path the municipality intends to follow to ensure that it meets its service delivery challenges. The implementation of the reviewed organogram will be phased in over three to five years depending on the availability of funds. Council resolved that the National Treasury norm of 35% of the salary component of the operational budget shall not be exceeded in the process.

Executive Summary

Our Vision

Our vision is for the Frances Baard District Municipality to be a municipality with a clear developmental focus, providing quality services to all its people.

Our Mission

Our mission is for the Frances Baard District Municipality to be committed to provide and improve the quality of services and therefore improve the lives of all its communities by:

- Promoting Social and Economic Development
- Providing and maintaining affordable and optimal quality services
- The economic, efficient and effective utilisation of all its available resources, and;
- Effective Stakeholders and Democratic Community Participation

Our Value System

Our value system has been developed to guide each employee on a daily basis to realise the vision of the Frances Baard District Municipality. The municipality is committed to the following core values:

- Development as an empowering process within and outside our Municipality;
- Pride in the professional delivery of services and in the attainment of planned actions;
- Recognition of the district municipality as an expression of the cultural diversity and tolerance within the district municipality;
- Honesty and integrity as an internal force driving service excellence;
- Being driven by the aspirations of our people; we will respect and uphold the Constitution of the Republic of South Africa;
- Commitment to the code of conduct for Councillors and officials in accordance with the Municipal Systems Act, 2000;
- Commitment to the principles of sound financial management;
- Subscribing to the principles of "Batho Pele"

Service delivery successes

Most of our delivery effort over the past years has been focussed on assisting category B- municipalities in terms of infrastructure for the provision of free basic services as well as operation and maintenance support. Local municipalities have depended wholly on FBDM for the operation and maintenance of their infrastructure.

In addition to that we have assisted the smaller municipalities with ad hoc administrative issues and financial management support on budget reforms and now have a functional shared audit service for the district. Lots of effort have been put into institutional and administrative reforms, developmental issues (HIV/Aids and Social responsibility), governance and financial reforms.

In the district the IDP review process was rolled out with the participation of all the municipalities, in order to review needs, assess delivery and prioritise existing new areas for development and service delivery. Our process has been in conformity with national priorities and show that we are not misdirected in terms of our priority areas.

The installation of the Frances Baard statue, the coldest day in August 2009.

Our present strategic objective is outward looking to ensure that most outstanding requirements in local municipalities are addressed to enable municipalities to discharge their legislative mandate efficiently.

Challenges to achieving service delivery

Integrated Development Plan

- Limited support from Sector Departments
- Inadequate compliance to the provisions of Chapter 5 of the MSA 2000 by LMs

Town Planning

- Lack of qualified Town Planners and Building Inspectors within the municipalities
- Planning affected by municipalities not complying to legislation and regulations

Geographic Information System (GIS)

- Lack of understanding of using GIS as a planning tool

Performance Management

- Expansion of Performance Management Capacity in FBDM
- Performance Management Capacity Building Local Municipalities (Dikgatlong, Magareng, Phokwane, Sol Plaatje)

Local Economic Development

- Solicit funding – Low Focus
- Lack of capacity at Local municipalities
- Lack of participation from Private Sector in LED forum

Tourism

- Buy-in from communities in tourism activities
- Tourism human capital at local municipalities
- Limited and expensive air access
- Appointment of a part time grading council assessor

Housing

- NHNR survey rolling out slow. (Refer to the housing allocation strategy)
- Lack of proper communication i.r.o roles and responsibilities of local municipalities, district municipalities and COGHSTA
- Inherited housing projects not meeting the BNG principles
- Insufficient housing subsidy allocation
- Inaccurate or lack of data i.r.o informal settlements
- Housing unit not sufficiently staffed
- Response time from locals
- Service delivery in CPA areas

Disaster Management & Firefighting

- The taking over and maintenance of the NEAR system due to the age of the equipment
- Lack of fire fighting capacity
- The establishment of the District Disaster Management Centre. (MTF Cycle)
- Compliance to the standards set by the National Disaster Management Centre to ensure that Disaster Information Management System is operational

Environmental Health

- Water quality at boreholes due to treatment cost
- Tracing of TB and organophosphate cases
- The acceptance of the Urinary Division System (UDS)
- Poor attendance of awareness campaigns

The installation of the Frances Baard statue, the coldest day in August 2009.

CHAPTER 2

CH 2

PERFORMANCE HIGHLIGHTS

Overview of performance issues:

Governance
Accountability & Public Participation
Service Delivery
Institutional Performance

Governance

The municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities
- Ensure the provision of services to communities in a sustainable manner
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organizations in the matters of Local Government
- The district does not account for the provision of bulk electricity and water to Category B municipalities as this falls in the jurisdiction of these municipalities as concluded in the Structures Act. The housing function is currently still in the jurisdiction of the Provincial Department Housing & Local Government but will be transfered to the District Municipality.

Good governance is a broad and multi-faceted concept that describes the process, through which the municipality sets priorities, takes decision, strengthens accountability and engages in constructive interaction with the public and other institutions.

Accountability & Public Participation

In terms of the Constitution, municipalities are supposed to actively liaise with other state formations in the spirit of cooperative governance.

The FBDM has, amongst others, participated in the following structures:

- Provincial Aids Council
- District Aids Council
- Northern Cape Tourism Authority
- SALGA
- District Finance Forum
- District Mayoral Forum
- Premier's Intergovernmental Forum
- IDP Representative Forum
- Heads of Departments Forum
- Provincial Communication Forum
- District Communication Forum
- Provincial Batho Pele Forum
- Local Economic Development Forum
- 2010 Political & Technical Steering Committees
- Provincial Inter-Sectoral Steering Committee
- Municipal Manager's Forum

Meetings	2009/10
Council	11
Mayoral Committee	8
Section 80 Committees	31
Council Imbizo's	4
DMA Committee / IDP Rep. Forum	4
District IDP Steering Committee	4
Budget Consultation	1
District Communication Forum	3
Audit Committee	7

Communication

In the 2009/10 financial year an internal as well as an external perception survey was successfully completed. By conducting the surveys the district municipality endeavoured to gather knowledge and increase its insight into what, amongst others, the preferred method of communication is for the public and its internal staff.

The surveys are intended to guide and inform all communication planning and activities and indicate the best methods of interacting with the community and stakeholders. The objective of the surveys was to influence the communication strategy so that effective communication and public participation is enhanced.

September 2010 -
"Council meets the People"

April 2010 -
Budget consultation process

The Communications Unit successfully completed the manufacturing and erection of the Frances Baard Statue in 2009/10 with the unveiling of the statue on 09 August 2009. The unveiling concluded a project which stretched over almost two years.

In the financial year under review the promotion of access to information was also taken under revision and a more effective administrative mechanism for the implementation of the Promotion of the Access to Information Act (PAIA) was put in place. This ensured that the district municipality could successfully process a request for information by the Open Democracy Advocacy Centre (ODAC). The result was that the district municipality was placed sixth out of a possible eighty (80) institutions that were tested for the effective implementation of the PAIA. The district municipality produced marketing material to inform and promote the Act in the District and its internal staff were given training on what the PAIA is and why it is so important.

To promote and put into effect the promotion of multi-lingualism the internal and external newsletters of the district municipality introduced articles in the indigenous language of the area. In the external newsletter some of the articles were translated into Afrikaans, Setswana and Xhosa. The internal newsletter is now being distributed in the three most prominent languages of the institution i.e. English, Afrikaans and Setswana. An annual brochure which summarises the infrastructure projects implemented in this year has been produced. This set the precedent which will be an annual document focussing on the projects implemented in the financial year.

Service Delivery

The District Municipality is the only Water Services Authority (WSA) for the District Management Area (DMA), which will soon be incorporated into two of our local municipalities.

This implies that the responsibility of the district municipality for direct service delivery is diminishing and we will have to look at supporting our local municipalities, especially those with capacity problems.

The district municipality is well equipped for this role. The municipality employs three engineering technicians, each assigned to assist the three smaller local municipalities with the total range of infrastructure service delivery required. This support is also backed up by financial support to assist these municipalities to fulfill their mandate.

A big highlight of this period is the commissioning of Frances Baard District Municipality's own Council Chambers. For the first time in ±20 years this Council now has its own Chambers. This building includes offices for the political office bearers as well as training facilities. It was designed and built for an amount of ±R30 million.

The services rendered under Infrastructure includes:

- Free Basic Services in the DMA
- Municipal Infrastructure Support and Funding
- Operation and Maintenance
- Roads Agency
- Housing

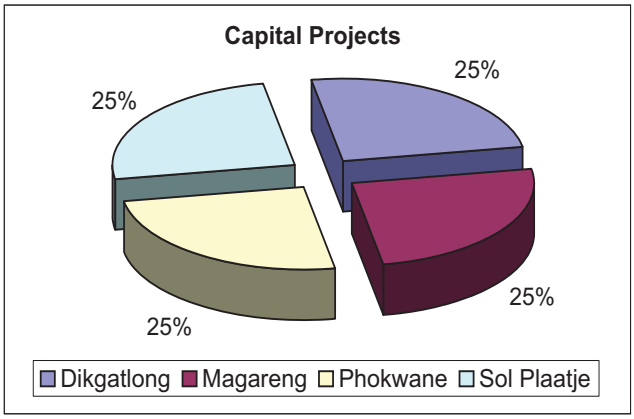
Key challenges

Substantial progress has been made in extending basic household services throughout the district although challenges towards meeting the provincial targets, national targets and millennium targets for the provision of basic services still exists.

Capital Programme

For the 2009/10 financial year the total allocation was R10 000 000 which was distributed as follows between the local municipalities:

• Dikgatlong Municipality	- R 2 500 000
• Magareng Municipality	- R 2 500 000
• Phokwane Municipality	- R 2 500 000
• Sol Plaatje Municipality	- R 2 500 000
TOTAL	R10 000 000



All projects were completed within the financial year except for those in Magareng Municipality. This municipality requested to change their projects at a late stage and the funding was rolled over to the new financial year.

Municipal Infrastructure Grant (MIG)

The table below shows the allocations and expenditure on the MIG funding for the financial year 2009/10:

Financial Year	2009/10
DoRA Allocation	R 5,679,000.00
Allocation Received	R 6,336,000.00
Amount Spent	R 6,336,000.00
Difference	
(Received / Spent)	**R 0.00**

2009/10 Allocation (R6,336,000)

The 2009/10 allocation was utilised to supplement funding on MIG registered projects in category B municipalities on the following projects:

- Dikgatlong: Barkly West Upgrading of Bulk Water Supply Phase 1 (R3,058,856.29). The project is still in implementation stage and should be completed in the 2010/11 financial year. A MIG application/ registration form will be submitted for Phase 2 of this project.
- Dikgatlong: Windsorton Streets and Stormwater Phase 1 (R1,317,064.79). The project is still in implementation stage and should be completed in the 2010/11 financial year.
- Phokwane: Jan Kempdorp Upgrading of the Waste Water Treatment Works (R1,960,078.92). The project is still in implementation stage and should be completed in the 2011/12 financial year.
- In the past MIG funding was directed at the local municipalities. The District Municipality's allocation has been steadily increased in the last few years. The allocation for the year was R6 336 000 and was utilised to assist local municipalities with supplementary funding on approved MIG-projects.

The Frances Baard District Municipality's technicians assist the smaller local municipalities with the planning of their MIG projects. Regular PMU meetings were held between Frances Baard District Municipality, local municipalities and the Department of Cooperative Governance, Human Settlement & Traditional Affairs to co-ordinate and plan MIG projects. All MIG funding for the financial year was spent.

Dikgatlong and Phokwane Municipality were assisted with the following projects:

Municipality	Project Description	Amount
Dikgatlong	Streets and stormwater (Windsorton)	R1,317, 065
	Upgrade Bulk Water Supply	R3,058, 856
Phokwane	Jan Kempdorp - Waste Treatment Works	R1,960, 079

Equitable Share

The Equitable Share is used to develop infrastructure in the DMA and to provide free basic services to the small community at Koopmansfontein. During the 2009/2010 financial year an amount of R1,269,624 was spent on eradicating backlogs on private land in the DMA and for the provision of free basic services in Koopmansfontein.

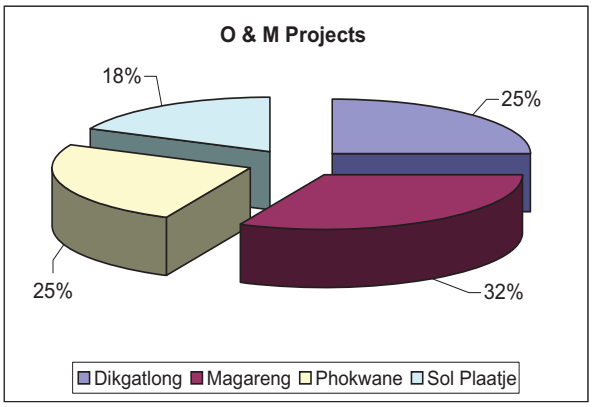
Providing services on private land is a challenge but the District Municipality is the Water Service Authority. A policy was developed and services were provided on a subsidy basis where the owner took responsibility for the maintenance after infrastructure were installed.

Operation & Maintenance (O & M)

Municipalities struggle to maintain and operate infrastructure. This is mainly because of a lack of capacity and funding. To maintain the standards in service delivery operation and maintenance of infrastructure is crucial and it is one of the District Municipality's aims to assist local municipalities in their efforts.

A total amount of R8,299,150 was spent on operation and maintenance activities in local municipalities. Spending was mainly aimed at improving the quality of drinking water and waste water. The spending is still more re-active than pro-active. Three Engineering Technicians employed by the district municipality give assisstance to the local municipalities.

It is envisaged that in future this support unit will be able to assist in a more pro-active way to build capacity and to implement systems that will improve the day-to-day operation and maintenance of infrastructure in the District.



Blue Drop / Green Drop

A big improvement in the results for the assessments for the Blue Drop was recorded for the year. Frances Baard District Municipality came in second in the province with 83,8% while Magareng Municipality received the reward for the biggest improvement for the year.

The Green Drop assessments showed that there is room for improvement. Part of the Turn Around Strategy of the District Municipality is to assist local municipalities to improve on their performance. The District Municipality does not operate any waste water treatment plant.

Job Creation

Frances Baard District Municipality remains committed to the principles of the Expanded Public Works Programme. Included in funding agreements with local municipalities is a clause stating that local labour should be used as extensively as possible and they should adhere to the EPWP principles as far as possible. Municipalities are expected to report on a monthly basis. The district municipality provided, through own funding, employment to about 320 persons.

Housing

Frances Baard District Municipality achieved Level 1 & 2 accreditation to perform housing functions in the district. All the posts in the organogram for the Housing Section were filled. The district municipality performs quality assurance on certain projects on behalf of the Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and assist in the planning of projects.

To reach Level 3 accreditation it is possible that the organogram will be strengthened with more posts in future. Direction is awaited from the COGHSTA with regards to what needs to be done for the FBDM to reach Level 3 accreditation.

Roads Maintenance

In the Northern Cape the maintenance of some proclaimed roads is done by District Municipalities on behalf of the Department of Roads & Public Works. Frances Baard District Municipality is responsible for the routine maintenance on proclaimed gravel roads in its area of jurisdiction.

A Service Level Agreement (SLA) regulates this function. The SLA ended during April 2010 and the Department Roads & Public Works indicated their intention to take back the maintenance function. Roads mantenance is operating on a temporary basis while the process of reverting the function back to the Department is underway.

Mechanical Support

The Mechanical Section is in essence there to support the Roads Maintenance function. Funded through the plant hire component when the plant is used during maintenance activities.

The Mechanical Section struggles to be an economically viable entity and despite several measures to improve the economic situation at the Mechanical Section it still operates at a loss. This has a negative impact on the maintenance of roads.

Farmworkers

R1,000,000 was made available for farmworker sanitation subsidies for 128 toilet facilities. In Olierivier in the DMA R500,000 was made available for farmworker water provision subsidies.

R1,841,700 was made available for a electricty supply scheme of Eskom for farmers but this project could not be realised due to Eskom procedures taking longer than expected and the funds had to be rolled over.

Building applications for 2009/2010

Category	Number of new applications received in 2009/2010	Total value of application received in Rand
Residential New	5	R1, 962, 140.00
Residential Additions	48	R 16, 730, 450.00

Preparation of Spatial Development Frameworks (SDF's):

Section 26(e) of the Municipal Systems Act 2000 requires all municipalities to prepare Spatial Development Framework as part of the Integrated Development Plan (IDP) of the municipality.

Due to limited resources and capacity all the local municipalities in the district with an exception of Sol Plaatje municipality were unable to prepare Spatial Development Framework (SDF) for their respective areas.

The Department of Planning and Development solicited for funding and prepared Spatial Development Frameworks for Magareng, Phokwane and Dikgatlong municipality.

These have been adopted by the respective Councils and are being implemented.

Progress in eliminating backlogs in Service Delivery

	30 June 2009			30 June 2010		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Water backlogs						
Backlogs to be eliminated (no. of households not receiving minimum standard of service)	1555	1555	running projects	1555	1555	running projects
Backlogs to be eliminated (% - households identified as backlogs / total HH in the district)	2			2		
Spending on new infrastructure to eliminate backlogs (R 000)	10,107,500	3,500,000	1,810,000	8,297,500	-	-
Spending on renewal of existing infrastructure to eliminate backlogs	16,800,000			16,800,000	-	-
Total spending to eliminate backlogs (R 000)	26,907,500	3,500,000	1,810,000	25,097,500	-	-
Spending on maintenance to ensure no new backlogs created (R 000)	1,345,375	3,890,000	3,391,559	1,254,875	4,790,000	
Sanitation backlogs						
Backlogs to be eliminated (no. of households not receiving minimum standard of service)	10185		running projects	10185		running projects
Backlogs to be eliminated (% - households identified as backlogs / total HH in the district)	13			13		
Spending on new infrastructure to eliminate backlogs (R 000)	79,443,000	3,550,000	3,550,000	75,893,000	-	-
Spending on renewal of existing infrastructure to eliminate backlogs (R 000)	130,000,000	-	-	130,000,000	-	-
Total spending to eliminate backlogs (R 000)	209,443,000	3,550,000	3,550,000	205,893,000	-	-
Spending on maintenance to ensure no new backlogs created (R 000)	10,472,150	872,027	773,590	10,294,650	1,500,000	
Refuse removal backlogs						
Backlogs to be eliminated (no. of households not receiving minimum standard of service)	0	0	0	0	0	0
Backlogs to be eliminated (% - households identified as backlogs / total HH in the district)	0	0	0	0	0	0
Spending on new infrastructure to eliminate backlogs (R 000)	-	-	-	-	-	-
Spending on renewal of existing infrastructure to eliminate backlogs (R 000)	72,000	24,000	24,000	72,000	72,000	-
Total spending to eliminate backlogs (R 000)	-	-	-	-	-	-
Spending on maintenance to ensure no new backlogs created (R 000)	-	-	-	-	-	-
Electricity backlogs						
Backlogs to be eliminated (no. of households not receiving minimum standard of service)	22428		229	22199	0	0
Backlogs to be eliminated (% - households identified as backlogs / total HH in the district)	24			24		
Spending on new infrastructure to eliminate backlogs (R 000)	79,546,500	1,850,000	1,850,000	77,696,500	-	-
Spending on renewal of existing infrastructure to eliminate backlogs (R 000)	-	-	-		-	-
Total spending to eliminate backlogs (R 000)	79,546,500	1,850,000	1,850,000		-	-
Spending on maintenance to ensure no new backlogs created (R 000)	3,977,325	80,000	80,000	3,884,825	350,000	
Roads backlogs						
Backlogs to be eliminated (no. of households not receiving minimum standard of service)				Integrated Transport Plan to be compiled		
Backlogs to be eliminated (% - households identified as backlogs / total HH in the district)						
Spending on new infrastructure to eliminate backlogs (R 000)		-	-		-	-
Spending on renewal of existing infrastructure to eliminate backlogs (R 000)		505,540	245,998		-	-
Total spending to eliminate backlogs (R 000)		-	-		-	-
Spending on maintenance to ensure no new backlogs created (R 000)		505,540	245,998		2,850,000	

Performance Management (PMS) in FBDM

Municipalities in general deliver services critical to the well-being and development of local government and the communities it is responsible for. In order to ensure that municipal service delivery is effective, efficient and economical, municipalities are required to formulate strategic plans, policies and operational plans and to allocate required resources via municipal integrated planning and the budgeting processes.

The performance information used in performance management is essential to focus the municipality on the objectives of the municipality as it was taken up in the Integrated Development Plan (IDP) of the municipality. The Service Delivery and Budget Implementation Plan (SDBIP) is the foundation of operations within the municipality in respect of a particular financial year. In order to monitor and report on the performance of a municipality an effective performance management system (PMS) is critical in providing information that will assist the municipality to exert pressure for improvements in service delivery.

A well-developed and properly implemented performance management system becomes a powerful tool for building a high performance municipality and bridging the gap between planning and implementation.

The following legislation supports performance in municipalities:

- The Constitution of RSA, 1996;
- The White Paper on Local Government, 1998;
- The Municipal Structures Act, Act 117 of 1998;
- The Municipal Systems Act, Act 32 OF 2000;
- The Municipal Performance Management Regulations, 2001;
- The Municipal Performance Management Regulations for Managers, 2006;
- The Municipal Financial Act, Act 56 of 2003;
- MFMA Circulars.

These legislation have been applied within Frances Baard District Municipality to provide a solid performance framework for the municipality's administrative and operational functions with particular emphasis on the developmental mandate of the municipality.

Current Status

Continued development of the performance management system in the municipality has resulted in complying with most of the key requirements as expected from a reliable performance management system.

The following key improvements could be mentioned:

- The overall orientation of performance management which is developmental and focus on learning and performance improvement and not on policing or punishment has been improved significantly.
- The links and alignments between processes and activities in respect of the Integrated Development Plan, the Budget, the Service Delivery and Budget Implementation Plan and the strategic goals of the municipality had grown closer in a more economic, effective and efficient combination.
- The involvement of senior managers, line managers and supervisors maintained transparency and administrative justice in performance management within the municipality also raised to a higher level.
- The performance management system also promoted fair and supportive outcomes in respect of expectations and no unexpected surprises occurred during the financial year.
- The same assessment instrument has been used for the assessments of all managers and the municipal institutional score card which projected uniformity in the collective performance of the municipality.
- The performance management system in the municipality also complied with the principle of capacity development through municipal support in the event of under performance in some units or areas within the municipality.
- Targets which were set according to reviewed objectives and strategies in respect of specific dates and timelines have become more practical, realistic and consistent with the municipality's development priorities as set out in the Integrated Development Plan (IDP) of the municipality.

Achievements

The annual review process of the municipal performance management system has been refined and improved to the extent that the following noticeable achievements may be mentioned:

- Annual appraisals for Section 57 managers have been successfully completed in respect of the final evaluations done by constituted evaluation panels as provided for in the Performance Regulations of August 2006.
- The performance toolkits have been refined even more which resulted in more reliable and applicable measurements compared to the objectives and strategies of the municipality.
- Quarterly, mid-year and annual Institutional Performance Reports have been refined to be more correctly indicative of the performance of the municipality on a much higher level, but also to be more digestible for public participation and involvement.
- The "Blueprint Project Management Programme" which was implemented during the previous financial year resulted in better monitoring of projects. The programme, although not yet fully utilized, has been closely linked to the budget and the performance management system and should further contribute to service delivery in the municipality.

Challenges

Despite the achievements mentioned the performance management system still need some improvements which will challenge the capacity and the performance of the municipality in the next financial year:

- The main challenge for the next financial year will still be to assist the smaller local municipalities in the district in upgrading their own performance management systems to a standard where it could be fully utilized in an effective and efficient manner.
- The Individual Performance Management component of the system still needs some refinement to better support the Institutional Performance Management System.
- A rewarding system for non Section 57 staff has been included in the new HR Strategy of the municipality and should contribute to the overall performance of the municipality in service delivery. However, the practical implementation of the rewarding system will still be a major challenge for the municipality.

The approach of the District Municipality and the performance management unit will still be to motivate people to perform effectively and efficiently in accordance with the goals, objectives and strategies of the municipality and not to simply perform in obtaining awards.

FRANCES BAARD DISTRICT MUNICIPALITY

MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2009/10

Reporting Period: FOURTH QUARTER / ANNUAL PERFORMANCE REPORT (01 JULY 2009 TO 30 JUNE 2010)

No.	Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target		Annual Actual Performance		% Variance		ANNUAL PERFORMANCE REPORT (Fourth Quarter)	
			Quality	Quantity	Quality	Quantity	Quality	Quantity	Reason(s) for Deviation	Improvement Plan(s)
1	INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.									
1.1		Eradicate the backlogs in basic service delivery according to National and Provincial targets. (Water, Sanitation, Electricity, Streets and Storm Water, Community Facilities)	100%	100%	100.0%	113.3%	0.0%	+13.3%	The main reason for over-performance in the completion of projects in the district under this KPI (Eradication of Backlogs) is the fact that almost all projects started during the previous financial year and construction work continued immediately after the commencement of the financial year without losing time on the pre- construction phases of the projects. No delays in construction work have been experienced and the completion of projects under this KPI were done well ahead of the planned schedules and target dates.	n/a
1.2		Provide basic services to communities in the DMA.	95%	95%	95.0%	95.0%	0.0%	0.0%	n/a	n/a
1.3		Provide infrastructure maintenance in the DMA and Local Municipalites.	90%	90%	90.0%	90.0%	0.0%	0.0%	n/a	n/a
1.4		Ensure the implementation of an effective roads agency function in terms of the signed Service Level Agreement.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
1.5		Ensure the implementation of an effective housing agency function in terms of the signed Service Level Agreement.	100%	100%	100.0%	110.0%	0.0%	+10.0%	The housing unit performed a number of additional functions not yet obligatory to the unit in terms of accreditation. Additional support was provided to local municipalities regarding site inspections and evaluations which were also not part the the initial targets for the unit.	n/a
2	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.									
2.1		Ensure delivery of effective and efficient environmental health services in the district.	100%	100%	100.0%	110.3%	0.0%	+10.3%	The environmental health unit was involved in programmes which were not initially part of the planning for the financial year. "Water quality" has become a major issue for the National and the Provincial Departments involved in environmental health issues and consequently the Municipal Environmental Health Unit had to deal with a number of additional programmes in this regard. The "green drop" and "blue drop" programmes are practical examples of such programmes. FBDM has as a result been awarded a rating of 83.3% in its efforts to ensure the quality of drinking water in rural communities is significantly improved.	n/a
2.2		Ensure the implementation of the Disaster Management Act in the district.	100%	100%	100.0%	110.0%	0.0%	+10.0%	Progress in disaster management programmes and training exceeded planned schedules and set target dates due to well-planned and organised operational procedures and interventions from the Director: Administration and the Disaster Management Manager. The early finalisation and completion of the Disaster Management Risk Reduction Plan review was done ahead of schedule.	n/a
2.3		Ensure a secure and safe working environment in the District Municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.4		Promote the reduction of the occurrence of fires in the district.	100%	100%	100.0%	122.2%	0.0%	+22.2%	Progress in fire-fighting and fire prevention programmes and training exceeded planned schedules and set target dates due to well-planned and organised operational procedures implemented by the disaster management unit. The unit also managed to reach all the set targets for the financial year and it even manage to take on a number of additional responsibilities like the establishment of satelite fire-fighting stations across the district. Assitance and support to local municipalities with respect to fire-fighting stations across the district. Assistance and support to local municipalities with respect to fire-fighting resources and equipment were also some of the achievements of the unit. The establishment of the PFA for Windsor areas was fully launched, although the establishment of such a structure was not a target as per the financial year under review.	n/a
		: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD			Variance = 0% (Target Reached) Positive Variance = + %					

FRANCES BAARD DISTRICT MUNICIPALITY

MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2009/10

Reporting Period: FOURTH QUARTER / ANNUAL PERFORMANCE REPORT (01 JULY 2009 TO 30 JUNE 2010)

No.	Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target		Annual Actual Performance		% Variance		ANNUAL PERFORMANCE REPORT (Fourth Quarter)	
			Quality	Quantity	Quality	Quantity	Quality	Quantity	Reason(s) for Deviation	Improvement Plan(s)
1	INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.									
2.5		Ensure the effective management of the NEAR Centre in the district.	100%	100%	100.0%	102.8%	0.0%	+2.8%	n/a	n/a
2.6		Ensure effective Human Resource Management in the municipality and the rest of the district.	100%	100%	100.0%	105.0%	0.0%	+5.0%	The HR Unit manage to honour al the set targets for the financial year despite the increased burden of extensive growth in the municipality during the financial year. Disciplinary hearings increased and the number of HR policies which needed to be reviewed and updated have been growing ever since,but the unit still managed to deal with all those additional responsibilities without jeapardising the quality of services to the staff of the municipality despite the vacancy of the "Labour Relations Officer" post. All deliverables related to the timeous submission of the Skills Development Plan and the SDF were met.	n/a
2.7		Ensure the rendering of an effective and efficient Record Management function in the municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.8		Ensure the rendering of an effective and efficient office support service in the municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.9		Ensure the provision of an effective gardening service in the municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.10		Ensure support and maintenance of effective ICT infrastructure and services in the municipality.	90%	20%	90.0%	22.0%	0.0%	+2.0%	The ICT Unit had to cope with a number of exstra issues which were not part and parcel of the initial targets set for the unit. The implementation of the E-Venus System by the Department of Finance, consolidating and centralisation with the BCX and the Sol Plaatje Municipality, the re-instatement of the ICT Steering Committee and ICT assistance to a number of other newly introduced systems are but a few to mention. Despite the additional burden of those issues, the ICT unit still managed to reach its targets for the year.	n/a
2.11		Ensure support and maintenance of effective ICT infrastructure and services in the district.	90%	20%	90.0%	22.0%	0.0%	+2.0%		n/a
2.12		Ensure the improvement of the professional image of the District Municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.13		Ensure capacity building in Integrated Development Planning in the District Municipality and the Category B Municipalities.	100%	100%	100.0%	106.7%	0.0%	+6.7%	Due to continued support and assitance from the IDP Unit to local municipalities the district was capable of completing all the IDP processes before the set target dates and also enhanced the credibility of the District IDP. Annual targets and directions regarding IDP support to local municipalities as was agreed upon between the local municipalities and the District Municipality for the 2009/10 financial year, were achieved and even more assistance and support were provided which was not part of the original targets and agreements.	n/a
2.14		Ensure the management of performance management in the District Municipality.	100%	100%	100.0%	103.3%	0.0%	+3.3%	Technical improvements to the Performance Management System and capacity building amongst managers resulted in exceeding some targets and quality stipulations for the set measurement period.	n/a
2.15		Ensure support to local municipalities in the implementation of performance management.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.16		Ensure the facilitation of effective town and regional planning in the district.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.17		Ensure the provision of reliable spatial information for sustainable settlements in the district (GIS).	100%	100%	100.0%	116.7%	0.0%	+16.7%	The main reason for over-performance in the completion of spatial development projects in the district can be ascribed to the early commencement on requests received from local municipalities and the constant liaison with local authorities in this respect.0ver-performance was further due to projects completed considerably ahead of the set target dates and at good quality.	n/a
2.18		Ensure the promotion of GDCY equality in the district.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
2.19		Ensure the promotion of organisational support for GDCY mainstreaming in the district.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
	:	INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD			Variance = 0% (Target Reached) Positive Variance = + % Negative Variance = - %					

Institutional Performance Report

FRANCES BAARD DISTRICT MUNICIPALITY

MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2009/10

Reporting Period: FOURTH QUARTER / ANNUAL PERFORMANCE REPORT (01 JULY 2009 TO 30 JUNE 2010)

No.	Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Targets		Annual Actual Performance		% Variance		ANNUAL PERFORMANCE REPORT (Fourth Quarter)	
			Quality	Quantity	Quality	Quantity	Quality	Quantity	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
3	LOCAL ECONOMIC DEVELOPMENT. (LED)									
3.1		Ensure LED institutional capacity building in the district.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
3.2		Ensure the promotion and support of SMME's and the formal business sector in the district.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
3.3		Ensure support of value addition and project beneficiation for agricultural industries in the district.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
3.4		Ensure promotion and development of tourism in the district.	100%	100%	100.0%	110.0%	0.0%	+10.0%	Over-performance in this area was mainly due to the early completion of tourism projects well before the set target dates. The quality of work was also above expectations and exceeded set conditions.	n/a
3.5		Ensure the facilitation of the implementation of the DGDS in the district.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
4	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT.									
4.1		Ensure the implementation of sound financial management practices in the municipality. (debt and credit control, cash flow management, asset and liability management, investment management etc.)	100%	100%	100.0%	93.2%	0.0%	-7.0%	Outstanding debt was the main reason for under-performance in this area. The percentage outstanding debt resulted from incorrect details from property rates debtors regarding their names, addresses and other personal information.	An action programme was drafted to consult with stakeholders in order to update all personal details of property owners and property debtors. The programme has already been implemented and will be continued into the next financial year with the assistance of a service provider in this particular field of operations.
4.2		Ensure financial management capacity building in three Category B municipalities.	100%	47%	100.0%	47.0%	0.0%	0.0%	n/a	n/a
4.3		Ensure compliance with MFMA guidelines, prescriptions and reporting.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
4.4		Ensure that grant fund spending is in compliance with the MFMA and DORA requirements. (% spending)	100%	100%	100.0%	102.3%	0.0%	+2.3%	n/a	n/a
4.5		Esure the implementation of a fully compliant Supply Chain Management System.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
4.6		Ensure clean and unqualified audit reports.	100%	100%	100.0%	120.0%	0.0%	+20.0%	Over-performance in this area resulted in an unqualified audit report with no matters mentioned as been received from the Auditor-General regarding the 2008/09 financial year.	n/a
		: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD			Variance = 0% (Target Reached) Positive Variance = + % Negative Variance = - %					

FRANCES BAARD DISTRICT MUNICIPALITY

MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2009/10

Reporting Period: FOURTH QUARTER / ANNUAL PERFORMANCE REPORT (01 JULY 2009 TO 30 JUNE 2010) — **ANNUAL PERFORMANCE REPORT (Fourth Quarter)**

No.	Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Targets		Annual Actual Performance		% Variance		REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
			Quality	Quantity	Quality	Quantity	Quality	Quantity		
5	DEMOCRATIC GOVERNANCE AND PUBLIC PARTICIPATION.									
5.1		Ensure support to social development services in the district.	100%	100%	100.0%	107.9%	0.0%	+7.9%	Units as from environmental health, community development, human resources and the municipality as a whole were involved in various social development programmes which were not initially included in the operational plans of the municipality and where it was called upon the municipality to participate, sometimes at very short notices. However, the units mentioned have succeeded in reaching their targets and fulfil in the additional duties bestowed on them.	n/a
5.2		Ensure support to community development services in the district.	100%	100%	100.0%	110.5%	0.0%	+10.5%	The community development unit succeeded in providing much needed assistance and support in promoting public participation in the affairs of the municipality. The unit's involvement in the IDP Representative Forum in the DMA and the "Council Meets the People" programme was decisive in the successful participation of communities.	n/a
5.3		Ensure administrative support to Council.	100%	100%	100.0%	105.0%	0.0%	+5.0%	All units involved in providing administrative support and assistance to the municipality and to Councillors had succeeded in achieving their targets and in some intances walked the proverbial "extra mile" by rendering services even after working hours.	n/a
5.4		Ensure the promotion and implementation of customer-care programmes in the municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
5.5		Ensure the implementation of branding innitiatives and the improvement of the professional image of the municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
5.6		Ensure an effective communication network in the municipality.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
5.7		Ensure a sustainable and effective internal audit function in the municipality.	100%	80%	100.0%	80.0%	0.0%	0.0%	n/a	n/a
5.8		Ensure implementation of Council Resolutions.	100%	100%	100.0%	100.0%	0.0%	0.0%	n/a	n/a
		: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD			Variance = 0% (Target Reached) Positive Variance = + % Negative Variance = - %					

Audit Committee Report

The audit committee is a formal committee of the Frances Baard District Municipality Council and its functions are set out in section 166 of the Municipal Finance Management Act 56, 2003.

The primary functions of the audit committee include:

- Monitoring the integrity of the council's financial statements;
- Reviewing the effectiveness of the council's internal control and risk management;
- Overseeing the relationship between management and the municipality's external auditors;
- The Committee will make recommendations to management via Council, resulting from activities carried out by the Committee in terms of its reference;
- The compilation of reports to Council, at least twice during a financial year;
- To review the quarterly reports submitted to it by the internal audit;
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation;
- Review audit results and action plans implemented by management;
- Making recommendations to Council and also carrying out its responsibility to implement the recommendations

The committee is authorized to investigate any matter within its terms of reference and co-opt any resources (including external professional assistance) it sees fit in order to fulfill its duties. However, the committee has no executive function and its primary objective is to review and advice, rather than assume responsibility for any matters within its remit.

Composition of the Audit Committee

The committee comprised of the following members during the year and to the date of this report:

Mr. MTA Mabija (Chairperson) – an independent member, who administers his own consultancy (MA&R consulting) he consults extensively within all spheres of government, has served in various audit committees both in the Private sector and the Public in the region and also on the oversight bodies.

Mr. AKM Bhyat – an independent member, administer his own accounting practice, has served on the Sol Plaatje audit committee before;

Mr. TC Marumo – an independent member; works for SASSA (South African Social Service Agency) as a director

All committee members were appointed for the period of three years, the appointments ending December 2011.

Internal Audit

The audit unit achieved a full staff compliment for previous year of assessment and maintained the status quo in the current assessment year. One Internal Audit Intern resigned the second quarter of the year of assessment to carry on his family practice. All auditors were trained and are proficient in the use of the automated working papers (ProAudit).

Internal audit facilitated the risk management and acquired the rights to use "BarnOwl" Risk Management software with the assistance of National Treasury – Risk Management Section. The challenge currently is to populate the rest of the risk software and open the application for the use and update by different line management. The internal audit will identify someone within the organization and hand over the maintenance once the project is completed.

We are satisfied with the performance of Internal Audit but we are concerned about the staff turn-over. The management of the Frances Baard needs to look at this issue and take corrective measure

Effectiveness of the Audit Committee

The Audit Committee is a newly established one which experienced normal challenges. However meetings are now held on a regular basis. Up to August 2009 two Ordinary Audit Committee meetings plus a special meeting (presentation of Financial Statements) were scheduled.

Effectiveness of Internal Audit and Internal Controls

With a full staff compliment and automated working papers the audit function is becoming more efficient and effective. The more use of the ProAudit automated system the more confidence and competency is expressed by the auditors.

Reports to the Audit Committee are more structured as per S165 of the Municipal Finance Management Act 56, 2003 for easy of evaluating internal controls and effectiveness of the audit function.

Activities for the Audit Committee

The Committee normally meets four times annually. The principal business of these meetings were:

August: Review of the effectiveness of the internal auditors; review of the effectiveness of the audit committee and the chairman; review of the work of the internal audit and their principal findings; review and final confirmation of the external auditors plan for the year end audit; quarterly (final) review of municipal performance; review of the effectiveness of internal controls and risk management systems during the year prepared by management; approval of the scope and fees for the external audit; receive an update on the work of the Risk Committee and any material matters arising
November: Quarterly review of municipal performance; receive a report from the external auditors following their review of financial statements; review of matters arising from the prior year audit; receive an update on the work of the Risk Committee and any material matters arising
May: Quarterly review of municipal performance; review of the work of the internal audit and their principal findings; receive an update on the work of the Risk Committee and any material matters arising
February: Quarterly (mid-term) review of municipal performance; review of the effectiveness of internal controls and risk management systems during the year prepared by management; review of the work of the internal audit and their principal findings; receive an update on the work of the Risk Committee and any material matters arising

External Audit

The external audit for the year was performed by the Office of the Auditor-General of the Northern Cape. The Auditor General may not engage on any material non-audit work without the prior approval of the Audit Committee, who is responsible for the annual work plan and fee budget.

As policy, the Committee would not allow the external auditors to perform any work that they may subsequently need to audit, or which might otherwise create a conflict of interest.

The Committee also monitors the balance between audit and non-audit related spend to ensure that auditor independence can be shown to be maintained. The Chief Financial Officer is permitted to engage the external auditors on matters that do not create such conflicts or otherwise compromise the audit to an annual fee.

The Audit Committee appraised the expertise, resources, independence and objectivity of the Auditor-General and also reviewed their effectiveness as external auditors before reaching the recommendation to council.

The committee met six (6) times during the year. Attendance at these meetings was as follows:

Committee Member	No. of meetings held	No. of meetings attended
MTA Mabija	6	6
AKM Bhyat	6	6
TC Marumo	6	5

Evaluation of Financial Statements and Accounting Practices

Financial statements were presented to and evaluated by the Committee at a special Audit Committee meeting held on Monday 30 August 2010

MTA MABIJA
COMMITTEE CHAIRMAN

Quarterly Information on Grants

Grants Details	Amount received and spent each quarter							
Grant name, purpose/project (list individually)	01 Jul 2009 to 30 Sept 2009		01 Oct 2009 to 31 Dec 2009		01 Jan 2010 to 31 Mar 2010		01 Apr 2010 to 30 Jun 2010	
	Rec	Exp	Rec	Exp	Rec	Exp	Rec	Exp
Equitable share	28,269,550	25,691,100	22,036,013	612,767	17,021,455	33,744,091		7,279,061
Financial Management Grant	750,000	17,110		70,262		231,927		430,701
Municipal Systems Improvement Grant	1,300,000	17,516		545,694		616,644		987,608
Municipal Infrastructure Grant	1,500,000	1,617	2,300,000	1,498,383	2,536,000	3,300,000	700,000	2,136,404
Backlogs Water & Sanitation Schools		126,567		56,699		18,158		
DWAF Mvula Trust		98,292			1,667,124	27,296		1,790,997
Housing Accreditation Grant	853,818.78	281,601	142,303.13	715,578	284,606	347,276		205,716
District Aids Council		2,000		1,500		1,181		14,129
Near Grant			357,000.00		357,000	440,938		357,000
Fire Fighting Grant			160,000.00		160,000			613,572
Eradication of Bucket System								104,182
SETA Skills Grant	16,606						101,061	117,667
NC Tourism Grant	50,000					50,000		
Environmental Health Grant	24,000							
Environmental Health - Recycling Project					700,000			118,409

CHAPTER 3

CH 3

HUMAN RESOURCE & ORGANISATIONAL MANAGEMENT

Overview of human resource developments & management aspects:

Skills Development
Human Resource strategy
Institutional Plan
Employee Assistance Programme
Disclosures - Executive Mayor, Speaker, Section 57 Managers
Personnel Expenditure

FBDM COUNCIL

Back left to right: BG Modise, MJ Beylefeld, DJP van der Merwe, LJ Letebele, M Mogwazeni, LO Mothomme, EJ Damoense, HE Mokgantsang, LT Matsekete, KJ de Kock, DP Papers, MA Gabanele, LM Sebolai, GR Nkomo,
Front left to right: M Hattingh, PN Jammer, MM Moloi, A Florence (Executive Mayor), M Chwarisang (Speaker), W Johnson, DM Moeketsi, TS Kgaladi, KD Sedisho
Absent: BM Maribe, PAS Strauss

Skills Development

Frances Baard District Municipality is amongst the leading municipalities in the country that ensures that its employees are equipped through education and training. More that 4% of the council budget for the 2009/10 financial year have been dedicated for skills development. This comes after council approved a policy on study bursary, which is another attempt by council of making sure that it invests to its human capital through education and training.

Out of 136 employees in the previous financial year council had only 21% of personnel with diplomas and degrees and that necessitated both an increase in the skills development budget and the study bursary budget allocations.

This opportunity has resulted in a substantial increase in a number of employees enrolling for higher education. The development of employees for increased excellence in performance cannot be done in isolation of decision and policymakers.

To this end Council has taken a conscious decision to capacitate all councillors in order to enable them to provide the kind of leadership that would propel the municipality in the realisation of its developmental mandate. Consequently councillor's capacity building is catered for in a separate vote in the budget solely for purpose of skills development.

The Human Resources Strategy

A Human Resources Strategy document for the district was developed and adopted by council. This is the guiding framework for the institutional transformation and serves as a reference document to day to day challenges facing the municipality.

The Constitution of the Republic of South Africa 1996, Municipal Structures Act 1998, Municipal Structures Amendment Act 2003, Municipal Systems Act 32 of 2000, Municipal Finance Management Act 2003, Labour Relations Act 66 of 1995, Skills Development Act 1998, Employment Equity Act 1998, Basic Conditions of Employment Act 1997, the FBDM Institutional Plan are amongst key documents used in developing the Human Resources Strategy.

The strategy has amongst other things proposed several interventions including:

- Review of the Organizational Structure in line with powers and functions and the IDP.
- Ensuring strengthening of the PMS and further cascading it down to levels below section 57 managers.
- Development of a Staff Incentive Policy.
- Review of the employment contracts for non section 57 managers.

The Frances Baard District Municipality Council in sitting.

Benefits from the Human Resources Strategy

- Ensures that Human Resources practices are in line with the legislation.
- Provides a Framework for the review of obsolete Human Resources policies.
- Creates a comprehensive integration of the Human Resources function as a whole.
- Brings about a strategic focus on the FBDM HR function.
- Identifies scarce and critical skills in the District Municipality.
- Encourages maximum utilization of structures like the Local Labour Forum.
- Internal Medium of Communication has been identified as one of the tools to be used in order to convey the HR function across.
- Provides meaning to the importance of induction for new recruits.

The Institutional Plan

The institutional plan is still being used as the guiding framework for institutional transformation within the district municipality and now is due for a review. Great strides have been made in the pursuance of the transformation agenda. The developmental mandate assigned to the municipality by the Constitution and relevant legislation calls for drastic reorientation of the municipality.

The following Human Resource Policies / Strategies were developed / revised during the year under review:

- Sexual Harassment Policy

Employee Assistance Programme

The Employee Assistance Programme offers specific interventions to employees experiencing problems in the following areas:

- Marital, family and relationship problems
- Substance abuse (alcohol, drugs, prescription medication) and other addictive behaviour such as gambling
- HIV / AIDS Counselling
- Workplace Violence and Trauma Counselling
- Workplace discrimination or victimisation, for example discrimination against people with disabilities or from designated groups
- Personal debt and financial management problems
- Stress (family, social, job); Family violence
- Psychological problems
- Sexual harassment
- Work related conflicts

The programme through the afore-mentioned interventions afford employees the following benefits:-

- Addressing problems early prevents complications that negatively affect both work performance and life in general.
- Sustained optimal functioning of staff leads to greater productivity and improved quality of life for individuals and their families
- Providing an EAP encourages an organizational culture in the district municipality that is both task oriented and caring.
- Confidentiality underpins the consultation processes in the Employee Assistance Programme. Employee access to the programme is voluntary.

Council ensured that it removed the stigma that goes with the EAP amongst its employees. This was achieved through the appointment of a dedicated person to deal with the programme, marketing of the programme through payslip messages and promotion of buy-in through presentations by registered EAP professionals. Despite these interventions EAP is not yet fully utilized by the various categories of employees. Much effort still needs to be made to popularise it.

Policies approved in 2009/10

- Policy on Usage of Lecture Room
- Disaster Management Contingency Fund Policy
- Sexual Harassment Policy
- Tariff Policy (reviewed)
- Cash & Investment Policy (reviewed)
- Asset Management Policy (reviewed)
- Budget Policy (reviewed)
- Policy on Infrastructure & Development Project Grants (reviewed)
- Policy on Construction Equipment Usage
- Credit Control, Debt Collection & Indigent Policy (reviewed)
- Municipal Property Rates Policy for DMA
- Travel and Subsistence Policy

Disclosures - Concerning Executive Mayor, Speaker, Mayoral Committee

Description	Mayor	Speaker	Cllr. B.M Maribe	Cllr. W. Johnson	Cllr. P.N Jammer	Cllr. D.M Moeketsi	Cllr. M.M Moloi
Salaries & Wages	**360,805**	**201,236**	**281,873**	**180,198**	**180,198**	**174,390**	**266,847**
Normal							
Overtime							
Contributions R'000	**71,401**	**14,872**	**42,281**	**27,030**	**27,030**	**32,837**	**57,307**
Pensions	54,121		42,281	27,030	27,030	21,317	40,027
Medical Aid	17,280	14,872				11,520	17,280
Other							
Allowances R'000	**144,069**	**72,035**	**108,052**	**69,076**	**69,076**	**69,076**	**108,052**
Travel	144,069	72,035	108,052	69,076	69,076	69,076	108,052
Accommodation							
Subsistance							
Housing Benefits & Allowances R'000	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans & Advances R'000	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other benefits & Allowances R'000 (specify) Cellphone	**0**	**0**	**17,100**	**6,432**	**6,432**	**6,432**	**17,100**
Telephone	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Meeting Allowance	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Facilities Allowances	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Arrears owed to Municipality	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**576,275**	**288,143**	**449,306**	**282,735**	**282,735**	**282,735**	**449,306**

Disclosures - Municipal Manager, Heads of Departments

DISCLOSURES CONCERNING MUNICIPAL MANAGER, DIRECTORS					
Description	Municipal Manager	Chief Financial Officer	Director Administration	Director: Planning & Development	Director: Infrastructure Services
Salaries and Wages R'000					
Basic Salary & Bonus	575,409	523,274	549,597	582,322	687,228
Performance Bonus	184,876	131,424	120,645	92,151	127,734
Housing Subsidy	81,246				
Allowances (Computer, Telephone & Entertainment)		9,000	9,000	9,000	9,000
Car Allowance	138,000	115,950	103,800	36,000	78,000
Medical	42,943	38,496	38,638	31,854	23,940
Pension	103,608	88,806	97,133	138,992	
Other Contributions					
TOTAL	**1,126,082**	**906,950**	**918,813**	**890,319**	**925,902**

The amount reflected for the payment of performance bonuses include payments for the 2007/08 and 2008/09 financial years respectively.

Skills Development Profile

	Skills development profile	Race										
		African		Coloured		Indian		White		Total		
		M	F	M	F	M	F	M	F	M	F	Total
Legislators												
	Executive Mayor			1						1	0	1
	Mayor									0	0	0
	Local Government Legislators (Councillors)	10	4	2	3			2	2	14	9	23
	Traditional Leaders & Heads of Villages									0	0	0
	Other (specify below)											
	Ward Committee Members									0	0	0
	Speaker		1							0	1	1
	SUB-TOTALS	**10**	**5**	**3**	**3**	**0**	**0**	**2**	**2**	**15**	**10**	**25**
Directors and Corporate Managers												
	City/Municipal Manager	1								1	0	1
	General Managers	1	1					2		3	1	4
	Corporate Services Managers	1								1	0	1
	Finance Managers						1			0	1	1
	Human Resource Managers	1								1	0	1
	Policy and Planning Managers							1		1	0	1
	Engineering Managers							1		1	0	1
	Construction Managers			1						1	0	1
	ICT Managers									0	0	0
	Health, Welfare and Education Service Managers									0	0	0
	Commissioned Fire Officer			1						1	0	1
	Commissioned Police Officer (Metro/Traffic Police)									0	0	0
	Laboratory Managers									0	0	0
	Environment, Parks and Land Care Managers			1						1	0	1
	Sports Administrator or Manager									0	0	0
	Arts Administrator or Managers									0	0	0
	Sport and Recreation Managers									0	0	0
	Customer Services Managers								1	0	1	1
	Other (specify below)											
	Audit/Housing/LED/GIS Managers	2	1	1						3	1	4
	SUB-TOTALS	**6**	**2**	**4**	**0**	**1**	**1**	**4**	**1**	**15**	**4**	**19**

	Skills development profile	Race										
		African		Coloured		Indian		White		Total		
		M	F	M	F	M	F	M	F	M	F	Total
Professionals												
Corporate Services	Core Admin	3	1						2	3	3	6
	Core Finance		2					1		1	2	3
	Legal									0	0	0
	IT	2								2	0	2
	Procurement									0	0	0
HR and Training		2	1							2	1	3
Financial Services	Property Valuation									0	0	0
	Rates									0	0	0
	Billing									0	0	0
	Client Services	5	2	1		1			3	7	5	12
Community Services	Parks									0	0	0
	Community Facilities									0	0	0
	Libraries									0	0	0
	Recreation Centres									0	0	0
	Primary Health Care Facilities									0	0	0
	Cemeteries									0	0	0
Environmental Management	Environmental Health		2					1		1	2	3
	Pollution Control									0	0	0
Legal	By-laws									0	0	0
	Licensing									0	0	0
Emergency Services	Fire & rescue									0	0	0
	Disaster Planning and Management									0	0	0
Community Safety	Public Safety									0	0	0
	Traffic Management									0	0	0
Public Transport										0	0	0
Municipal Planning	LED/IDP/Urban Planning	1	1							1	1	2
	Land use management							1		1	0	1
Housing										0	0	0
Technical Services	Roads and Stormwater		1	1	1					1	2	3
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	SUB-TOTALS	**12**	**9**	**2**	**1**	**1**	**0**	**2**	**5**	**17**	**15**	**32**

Skills Development Profile

	Skills development profile	Race										
		African		Coloured		Indian		White		Total		
		M	F	M	F	M	F	M	F	M	F	Total
Technicians and Trade Workers												
Corporate Services	Core Admin									0	0	0
	Core Finance									0	0	0
	Legal									0	0	0
	IT									0	0	0
	Procurement									0	0	0
HR and Training										0	0	0
Financial Services	Property Valuation									0	0	0
	Rates									0	0	0
	Billing									0	0	0
	Client Services									0	0	0
Community Services	Parks	3								3	0	3
	Community Facilities									0	0	0
	Libraries									0	0	0
	Recreation Centres									0	0	0
	Primary Health Care Facilities									0	0	0
	Cemeteries									0	0	0
Environmental Management	Environmental Health									0	0	0
	Pollution Control									0	0	0
Legal	By-laws									0	0	0
	Licensing									0	0	0
Emergency Services	Fire & rescue									0	0	0
	Disaster Planning and Management									0	0	0
Community Safety	Public Safety									0	0	0
	Traffic Management									0	0	0
Public Transport										0	0	0
Municipal Planning	LED/IDP/Urban Planning									0	0	0
	Land use management									0	0	0
Housing										0	0	0
Technical Services	Roads and Stormwater			2	1					2	1	3
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	SUB-TOTALS	3	0	2	1	0	0	0	0	5	1	6

	Skills development profile	Race										
		African		Coloured		Indian		White		Total		
		M	F	M	F	M	F	M	F	M	F	Total
Community and Personal Service Workers												
Corporate Services	Core Admin	2	1		1					2	2	4
	Core Finance		1							0	1	1
	Legal									0	0	0
	IT									0	0	0
	Procurement									0	0	0
HR and Training										0	0	0
Financial Services	Property Valuation									0	0	0
	Rates									0	0	0
	Billing									0	0	0
	Client Services									0	0	0
Community Services	Parks									0	0	0
	Community Facilities	1								1	0	1
	Libraries									0	0	0
	Recreation Centres									0	0	0
	Primary Health Care Facilities									0	0	0
	Cemeteries									0	0	0
Environmental Management	Environmental Health									0	0	0
	Pollution Control									0	0	0
Legal	By-laws									0	0	0
	Licensing									0	0	0
Emergency Services	Fire & rescue									0	0	0
	Disaster Planning and Management									0	0	0
Community Safety	Public Safety									0	0	0
	Traffic Management									0	0	0
Public Transport										0	0	0
Municipal Planning	LED/IDP/Urban Planning									0	0	0
	Land use management									0	0	0
Housing										0	0	0
Technical Services	Roads and Stormwater									0	0	0
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	SUB-TOTALS	3	2	0	1	0	0	0	0	3	3	6

Skills Development Profile

	Skills development profile	Race										
		African		Coloured		Indian		White		Total		
		M	F	M	F	M	F	M	F	M	F	Total
Clerical and Administrative Workers												
Corporate Services	Core Admin	6	10	1	2				2	7	14	21
	Core Finance									0	0	0
	Legal									0	0	0
	IT									0	0	0
	Procurement									0	0	0
HR and Training										0	0	0
Financial Services	Property Valuation									0	0	0
	Rates									0	0	0
	Billing									0	0	0
	Client Services		2					1	1	1	3	4
Community Services	Parks									0	0	0
	Community Facilities									0	0	0
	Libraries									0	0	0
	Recreation Centres									0	0	0
	Primary Health Care Facilities									0	0	0
	Cemeteries									0	0	0
Environmental Management	Environmental Health									0	0	0
	Pollution Control									0	0	0
Legal	By-laws									0	0	0
	Licensing									0	0	0
Emergency Services	Fire & rescue									0	0	0
	Disaster Planning and Management									0	0	0
Community Safety	Public Safety									0	0	0
	Traffic Management									0	0	0
Public Transport										0	0	0
Municipal Planning	LED/IDP/Urban Planning		2	1						1	2	3
	Land use management									0	0	0
Housing										0	0	0
Technical Services	Roads and Stormwater				1					0	1	1
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	SUB-TOTALS	**6**	**14**	**2**	**3**	**0**	**0**	**1**	**3**	**9**	**20**	**29**

	Skills development profile	Race										
		African		Coloured		Indian		White		Total		
		M	F	M	F	M	F	M	F	M	F	Total
Machine Operators and Drivers												
Corporate Services	Core Admin	1								1	0	1
	Core Finance									0	0	0
	Legal									0	0	0
	IT									0	0	0
	Procurement									0	0	0
HR and Training										0	0	0
Financial Services	Property Valuation									0	0	0
	Rates									0	0	0
	Billing									0	0	0
	Client Services									0	0	0
Community Services	Parks									0	0	0
	Community Facilities									0	0	0
	Libraries									0	0	0
	Recreation Centres									0	0	0
	Primary Health Care Facilities									0	0	0
	Cemeteries									0	0	0
Environmental Management	Environmental Health									0	0	0
	Pollution Control									0	0	0
Legal	By-laws									0	0	0
	Licensing									0	0	0
Emergency Services	Fire & rescue									0	0	0
	Disaster Planning and Management									0	0	0
Community Safety	Public Safety									0	0	0
	Traffic Management									0	0	0
Public Transport										0	0	0
Municipal Planning	LED/IDP/Urban Planning									0	0	0
	Land use management									0	0	0
Housing										0	0	0
Technical Services	Roads and Stormwater	8								8	0	8
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	SUB-TOTALS	**9**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**9**	**0**	**9**

Skills Development Profile

	Skills development profile	Race										
		African		Coloured		Indian		White		Total		
		M	F	M	F	M	F	M	F	M	F	Total
Labourers												
Corporate Services	Core Admin	3	7		1					3	8	11
	Core Finance									0	0	0
	Legal									0	0	0
	IT									0	0	0
	Procurement									0	0	0
HR and Training										0	0	0
Financial Services	Property Valuation									0	0	0
	Rates									0	0	0
	Billing									0	0	0
	Client Services									0	0	0
Community Services	Parks									0	0	0
	Community Facilities									0	0	0
	Libraries									0	0	0
	Recreation Centres									0	0	0
	Primary Health Care Facilities									0	0	0
	Cemeteries									0	0	0
Environmental Management	Environmental Health									0	0	0
	Pollution Control									0	0	0
Legal	By-laws									0	0	0
	Licensing									0	0	0
Emergency Services	Fire & rescue									0	0	0
	Disaster Planning and Management									0	0	0
Community Safety	Public Safety									0	0	0
	Traffic Management									0	0	0
Public Transport										0	0	0
Municipal Planning	LED/IDP/Urban Planning									0	0	0
	Land use management									0	0	0
Housing										0	0	0
Technical Services	Roads and Stormwater	18		1						19	0	19
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	SUB-TOTALS	21	7	1	1	0	0	0	0	22	8	30
Apprentices												
Technical Services	Roads and Stormwater									0	0	0
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	SUB-TOTALS	0	0	0	0	0	0	0	0	0	0	0
	TOTALS	70	39	14	10	2	1	9	11	95	61	156

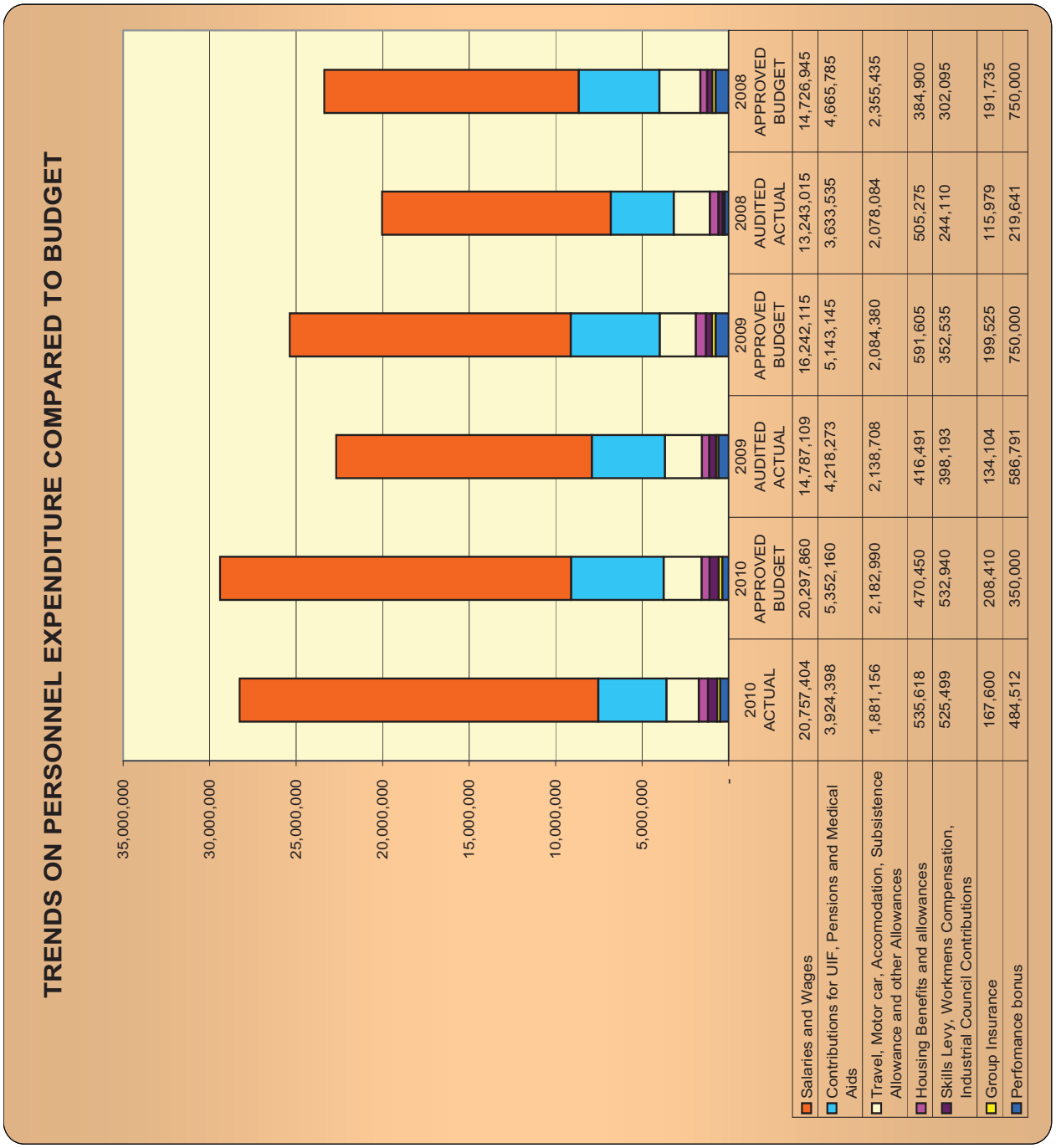
Employment Profile

Employment category	Race										Total
	African		Coloured		Indian		White		Total		
	M	F	M	F	M	F	M	F	M	F	
Legislators	2	3	1	0	0	0	3	1	6	4	10
Directors and Corporate Managers	5	1	4	0	1	0	4	1	14	2	16
Professionals	5	2	5	1	1	1	1	3	12	7	19
Technicians and Trade Workers	1	0	0	0	0	0	0	0	1	0	1
Community and Personal Service Workers	1	0	0	1	0	0	0	0	1	1	2
Clerical and Administrative Workers	3	8	0	1	0	0	0	3	3	12	15
Machine Operators and Drivers	0	0	0	0	0	0	0	0	0	0	0
Labourers	0	0	0	0	0	0	0	0	0	0	0
Apprentices	0	0	0	0	0	0	0	0	0	0	0
TOTALS	17	14	10	3	2	1	8	8	37	26	63

Learnerships

Work area		African		Coloured		Indian		White		Total		Tota l
		M	F	M	F	M	F	M	F	M	F	
Corporate Services	Core Admin									0	0	0
	Core Finance									0	0	0
	Legal									0	0	0
	IT									0	0	0
	Procurement									0	0	0
HR and Training										0	0	0
Financial Services	Property Valuation									0	0	0
	Rates									0	0	0
	Billing									0	0	0
	Client Services									0	0	0
Community Services	Parks									0	0	0
	Community Facilities									0	0	0
	Libraries									0	0	0
	Recreation Centres									0	0	0
	Primary Health Care Facilities									0	0	0
	Cemeteries									0	0	0
Environmental Management	Environmental Health		1							0	1	1
	Pollution Control									0	0	0
Legal	By-laws									0	0	0
	Licensing									0	0	0
Emergency Services	Fire & rescue									0	0	0
	Disaster Planning and Management									0	0	0
Community Safety	Public Safety									0	0	0
	Traffic Management									0	0	0
Public Transport										0	0	0
Municipal Planning	LED/IDP/Urban Planning	6	17		1				1	6	19	25
	Land use management									0	0	0
Housing										0	0	0
Technical Services	Roads and Stormwater									0	0	0
	Solid Waste and Landfill									0	0	0
	Water supply and waste water									0	0	0
	Electricity									0	0	0
	TOTALS	6	18	0	1	0	0	0	1	6	20	26

Personnel Expenditure



Social Contributions

Council makes defined contributions to several Pension Funds and Medical Aids in the following proportions:

Pension Funds	Employer %	Employee %
Cape Joint Pension Fund	18.00	9.00
Cape Retirement Fund	18.00	9.00
Samwu National Provident Fund	18.00	9.00
Pension for Municipal Councillors	15.00	13.75

Council pays Ex Gratia pension to four (4) past employees who at the time of their service with council did not belong to any pension fund, while the other pensioners receive their monthly pension from their various pension funds directly.

Medical Aid	Employer %	Employee %
Bonitas	60.00	40.00
Samwumed	60.00	40.00
Keyhealth	60.00	40.00
Hosmed	60.00	40.00
LA Health	60.00	40.00
Post Service Medical Aid	**Employer %**	**Pensioner %**
	70.00	30.00

Assessment of future risks or liabilities

The Municipality has little or no control over the following factors: the medical scheme benefit structure and related contribution rates, changes in legislation, increases in the cost and utilisation of medical services and advances in medical technology

Current Employees - Incorrect deductions from employees salaries as well as inaccurate payments to the various medical aid schemes.

Post service personnel - Varifications of the existence of ex-employees receiving post - service medical aid benefits prioir to payments being done by FBDM which could result in invalid payments.

FBDM SENIOR MANAGEMENT

From left to right: F Mdee (Director Planninf & Development, N Kgantsi (DIrector Administration), P van der Walt (Director Infrastructure Services)
Inset: H van Biljon (Chief Financial Officer)

AUDITED STATEMENTS & RELATED FINANCIAL INFORMATION

Annual financial statements for the year ending June 2010:

Statement of financial position
Audited financial statements
Audit Report of the Auditor General
Statement of financial performance
Cashflow statement
Budget to actual comparison
Statement of changes in assets
Intergovernmental grants and transfers
Remuneration of councillors and officials

FRANCES BAARD

DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
30 JUNE 2010

FRANCES BAARD DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2010

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GENERAL INFORMATION

GENERAL INFORMATION

1. GRADING

Grade 4 – Category C.

Council is accorded the same grading as the largest Category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority

2. AUDITORS

2.1. External Auditors

The Office of the Auditor-General
Private Bag X5013
KIMBERLEY

2.2. Internal Auditors

The Internal Audit section is fully staffed and operational according to council policy. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.

2.3. Members of the Audit Committee

Mr. MTA Mabija	Chairperson
Mr. AKM Bhyat	
Mr. TC Marumo	

3. BANKERS

Absa Bank
80 Bultfontein Rd
KIMBERLEY

Type of Account:	Current Account
Account Number:	940 000 327

4. REGISTERED OFFICE

Frances Baard District Municipality
51 Drakensberg Avenue
CARTERS GLEN 8301

Private Bag X6088
KIMBERLEY 8300

5. GENERAL ACTIVITIES

Council undertakes the spectrum of a Category C municipality activities allocated by legislation, as well as the district roads maintenance function on behalf of the Northern Cape Provincial Department of Transport, Roads & Public Works.

6. COUNCILLORS

Council's structure is based on the Executive Mayoral System, Incorporating:

District Management Area; and
Category B Municipalities—

- Sol Plaatje : Grade 4
- Phokwane : Grade 2
- Dikgatlong : Grade 2
- Magareng : Grade 2

6.1. Executive Mayor of District Municipality:

Mr. A Florence — Proportional

6.2 Speaker of District Municipality

Ms. M Chwarisang — Sol Plaatje Municipality

6.3 *Members of the Mayoral Committee:*

Mr. A Florence (Chairperson)	Proportional
Mr. BM Maribe	Proportional
Mr. PN Jammer	Dikgatlong Municipality
Mr. W Johnson	Magareng Municipality
Ms. DM Moeketsi	Phokwane Municipality
Ms. MM Moloi	Proportional

6.4 *Ordinary Council Members:*

Ms. MJ Beyleveld	Sol Plaatje Municipality
Mr. EJ Damoense	Sol Plaatje Municipality
Mr. L Matsekete	Sol Plaatje Municipality
Ms. M Mogwazeni	Sol Plaatje Municipality
Ms. KJ de Kock	Sol Plaatje Municipality
Ms. GR Nkomo	Sol Plaatje Municipality
Mr. PAS Strauss	Sol Plaatje Municipality
Mr. LM Sebolai	Sol Plaatje Municipality
Ms. DP Papers	Dikgatlong Municipality
Mr. BG Modise	Phokwane Municipality
Mr. MA Gabanele	District Management Area
Ms. M Hattingh	Proportional
Mr. TS Kgaladi	Proportional
Mr. DJP van der Merwe	Proportional
Me. HE Mokgantsang	Proportional
Mr. LJ Letebele	Proportional
Mr. LO Mothomme	Proportional
Ms. KD Sedisho	Proportional

7. MANAGEMENT STRUCTURE

Council's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.

Municipal Manager
Mr. TJ Nosi
B.Admin; B.Admin(Hons)

Director: Administration
Ms. NG Kgantsi
M. Public Admin

Director: Infrastructure Services
Mr. PJ van der Walt
B.Sc.Eng; M.Eng.(Civil); ECSA

Director: Finance
Mr. P.J van Biljon
B.A; Nat Dipl.; (AIMFO)

Director: Planning & Development
Mr. FS Mdee
M. Civil Design

7. CERTIFYING OF FINANCIAL STATEMENTS

I am responsible for the preparation of these financial statements, which are set out on pages FR-1 to FR-14, AP-1 to AP-25 and FS-1 to FS-87, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of the Provincial and Local Government's determination in accordance with this act.

MUNICIPAL MANAGER **DATE:** **31 August 2010**

AUDITOR GENERAL REPORT

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE FRANCES BAARD MUNICIPAL COUNCIL

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the Frances Baard District Municipality which comprise the statement of financial position as at 30 June 2010 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 182.

Accounting officer's responsibility for the financial statements

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Statements of Generally Recognised Accounting Practice (Statements of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General *Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009.* Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Frances Baard District Municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with Generally Recognised Accounting Practice and in the manner required by the MFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), Division of Revenue Act, Act No.12 of 2009 (DoRA), the Municipal Systems Act, Act No. 32 of 2000 (MSA), Municipal Structures Act, Act No. 117 of 1998, Municipal Regulations and financial management (internal control).

Predetermined objectives

There were no material findings on the report on predetermined objectives as set out on pages 183 to 201.

Compliance with laws and regulations

Municipal Finance Management Act

There were no material findings concerning non-compliance with laws and regulations listed above.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), Division of Revenue Act, Act No.12 of 2009 (DoRA), the Municipal Systems Act, Act No. 32 of 2000 (MSA), Municipal Structures Act, Act No. 117 of 1998 and Municipal Regulations, but not for the purpose of expressing an opinion on the effectiveness of internal control.

There were no material findings to report.

Auditor General

Kimberley

30 November 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHIEF FINANCIAL OFFICER REPORT

FINANCIAL PERFORMANCE REVIEW

By the Chief Financial Officer

1. INTRODUCTION

The financial year end performance result of the district municipality reflects its capability to manage its strong Statement of Financial Position efficiently and maintaining sound financial health in order to deliver on its constitutional and developmental mandate.

The President in his 2010 State of the Nation Address signaled that government intends to deliver more and better services in a caring and efficient manner; hold political office bearers and public servants accountable; shift resources to new priorities; move from debate to effective implementation and decisive action and to work in partnership with communities, labour and business to achieve shared objectives. National Government's main priority for each municipality is to do more within its existing resource envelope.

In order to adhere to the President's call for more and better services the district municipality follows a practice of sound, conservative budgeting aimed at enhancing financial resources through maximised revenue collection and controlling costs to the minimum necessary expenditure based on its approved Integrated Development Plan (IDP) and Local Government Turnaround Strategy objectives. Pre-determined key performance indicators in the IDP and operational outcomes have informed and driven the financial planning process about what is financially affordable given the financial targets and expenditure limits determined by National Treasury.

Due to the sharp downturn experienced in the global economy and the ripple effect it might have on local government to deliver in terms of its mandate, the district municipality is under severe pressure to allocate more resources as supplementary funding in an effort to protect the poor from the worst economic turndown impacts. Notwithstanding the negative impact on revenue streams and ability to spend according to service delivery and budget implementation plan, the district municipality manages to maintain focus on key service delivery areas in supporting the local municipalities in the district area by spending almost 46% of its total operating expenditure on infrastructure, maintenance and social related projects. The implementation of IDP infrastructure projects in the current financial year reflects fairly good as most of the projects have been completed timeously with the exception of nine projects from own revenue to the estimated amount of R5,64m that will be rolled over for completion early in the new financial year.

The Community Wealth (CRR and Unappropriated Surplus) has grown from approximately R56,26 million to approximately R60,23 million for the financial year under review. All of the provisions and resources are cash backed.

Council holds a substantial amount of conditional grants and receipts. The amount allocated in terms of DoRA increased for the financial year under review due to the fact that more money has been allocated for infrastructure and job creation related projects. Spending on grants and receipts has increased significantly compared to the previous financial year and it is envisaged that most of the remaining unspent grants will be expended before the end of the next financial year as per already approved business plans.

2. OPERATING RESULTS

Council has achieved an operating surplus to the amount of R3,59m before taking into account nett positive appropriations to the amount of R7,62m for the past financial year. The positive results are mainly due to actuarial gains not budgeted, savings on expenditure like salaries, unspent grants & subsidies for infrastructure, maintenance and social related projects at year end, contracted services, general expenses and repairs & maintenance.

The operating results for the year ended 30 June 2010 are as follows:

Revenue & Expenditure	*Actual 2009 R*	*Actual 2010 R*	*Variance 2009/10 %*	*Budget 2010 R*	*Variance Actual / Budget %*
Operating Income for the year	87,682,944	93,463,290	6.59%	104,219,010	10.32%
Operating Expenditure for the year	(80,023,388)	(90,092,950)	12.58%	(116,089,875)	22.39%
Net Gain (Loss) on Disposal of Property Plant & Equipment	5,769	217,048			
SURPLUS / (DEFICIT) FOR THE YEAR	***7,665,325***	***3,587,388***		***(11,870,865)***	
Accumulated Surplus / (Deficit) at the beginning of the year	39,413,801	45,320,288			
Nett appropriations for the year	(1,758,838)	7,674,522	-536.34%	5,243,140	-46.37%
Accumulated Surplus / (Deficit) at the end of the year	***45,320,288***	***56,582,199***		***(6,627,725)***	

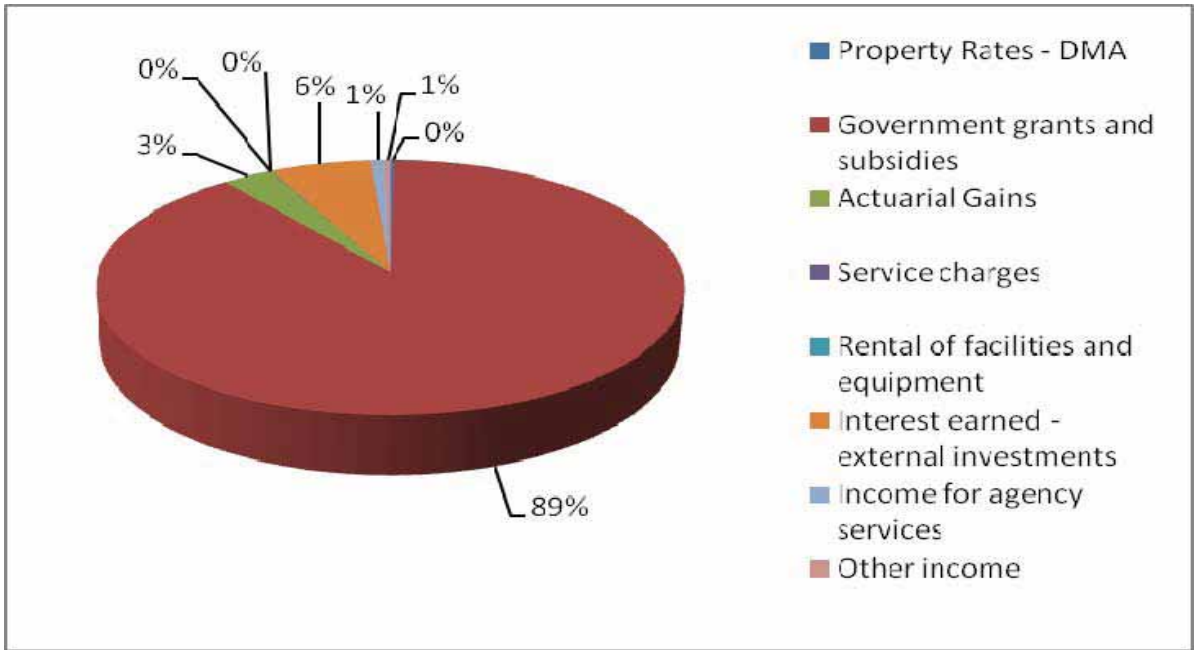
Details of the operating results per classification and object of income and expenditure are included in the statement of financial performance, note 35.1 to the financial statements and appendix E (1), whilst the detailed operating results per National Treasury functional classification are reflected in Appendix D.

Council's performance, when compared to the budget, must be seen in the context of conservative budgeting practices influenced by other factors such as the inability of some Category B municipalities to implement grant & subsidy allocated projects

2.1 OPERATING REVENUE

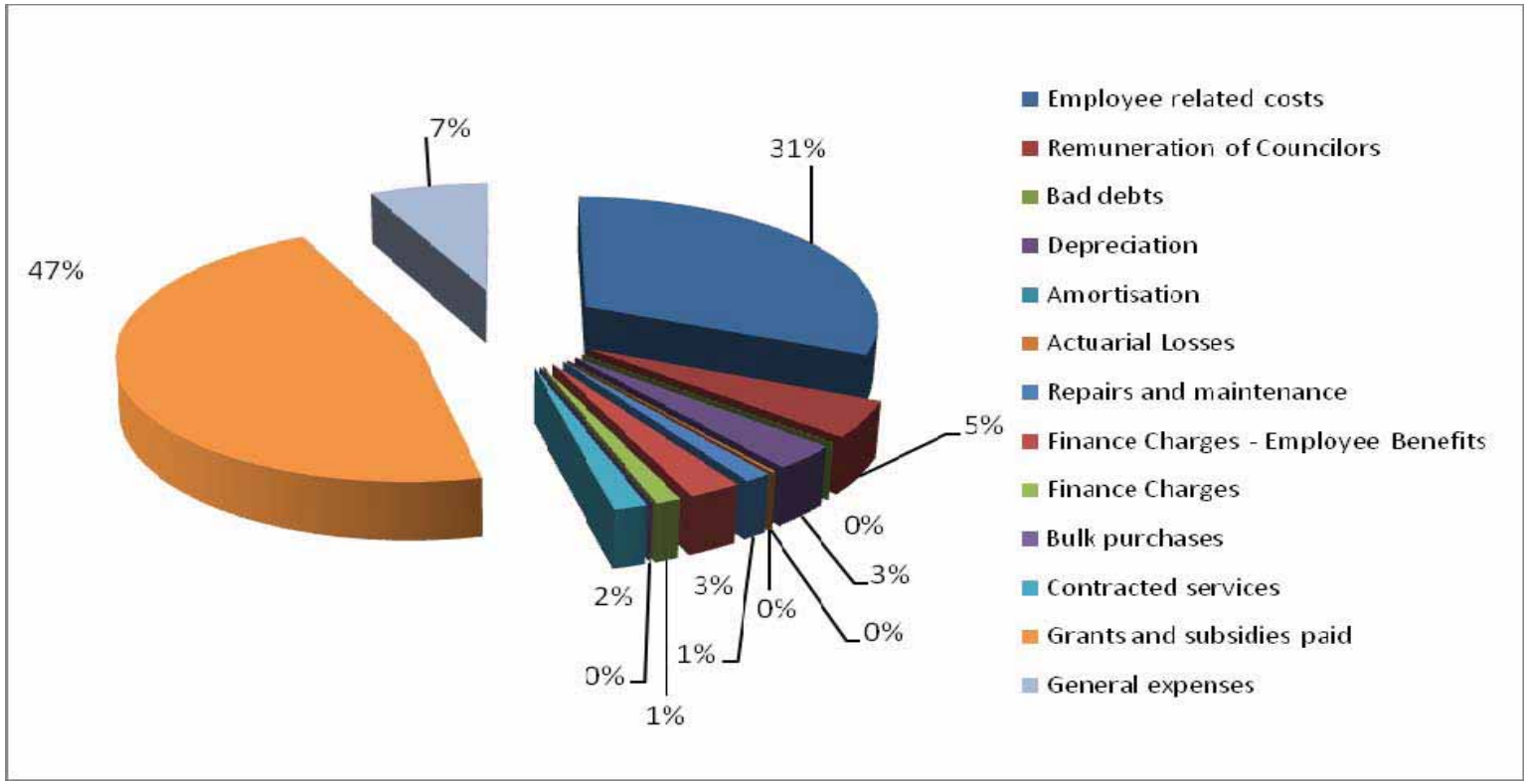
The major revenue streams that supported the programmes and activities of the district municipality were:

- Government Grants and Subsidies
- Interest Earned – External Investments
- Actuarial Gains
- Other: - Property Rates, Services Charges: Water, Rental of Facilities and other income



2.2 OPERATING EXPENDITURE

The following graph indicates the main categories of expenditure for the year under review:



2.3 OPERATING PER NATIONAL TREASURY FUNCTIONAL CLASSIFICATIONS

Comments relating to budgeted income and expenditure as per National Treasury functional classifications are as follows:

2.3.1 Executive and Council:

Revenue & Expenditure	*Actual 2009 R*	*Actual 2010 R*	*Variance 2009/10 %*	*Budget 2010 R*	*Variance Actual / Budget %*
Revenue	2,148,248	1,258,810	-41.40%	1,278,406	1.53%
Expenditure	16,158,118	17,576,669	8.78%	20,416,086	13.91%
SURPLUS / (DEFICIT)	***(14,009,870)***	***(16,317,859)***	***16.47%***	***(19,137,680)***	***14.73%***

Executive and Council consists of Council activities, the office of the Municipal Manager, Internal Audit Unit and Communications section and reflects a net deficit of R16,32m compared to the approved deficit of R19,14m.

The lower than expected operating deficit in relation to the budgeted amount can mainly be attributed due to under performance on grants and subsidies paid as well as general expenditure.

2.3.2 Finance & Administration:

Revenue & Expenditure	*Actual 2009 R*	*Actual 2010 R*	*Variance 2009/10 %*	*Budget 2010 R*	*Variance Actual / Budget %*
Revenue	67,134,207	69,775,704	3.93%	67,739,234	-3.01%
Expenditure	20,111,658	27,296,512	35.72%	25,741,820	-6.04%
SURPLUS / (DEFICIT)	***47,022,549***	***42,479,192***	***-9.66%***	***41,997,414***	***-1.15%***

The vote of Finance & Administration reflects a negative deviation of R42k or -9.6% compared to the approved budget. The nett result compared to the approved budget is not regarded as significant.

2.3.3 *Planning & Development::*

Revenue & Expenditure	*Actual 2009 R*	*Actual 2010 R*	*Variance 2009/10 %*	*Budget 2010 R*	*Variance Actual / Budget %*
Revenue	16,164,075	19,595,293	21.23%	38,283,299	48.82%
Expenditure	38,315,337	38,429,553	0.30%	59,930,814	35.88%
SURPLUS / (DEFICIT)	***(22,151,262)***	***(18,834,259)***	***-14.97%***	***(21,647,515)***	***13.00%***

Revenue:

The negative deviation of 48,82% on revenue compared to the approved budget is mainly due to an adjustment on the DoRA allocation in respect of backlog for water and sanitation grant for schools to the estimated amount of R6,29m as well as the unspent portion of grant funding budgeted for roll over in the next financial year to the estimated amount of R5,64m.

Expenditure:

The lower than expected results in relation to the budgeted amounts were mainly due to under expenditure on infrastructure projects to the amount of R5,64m, under spending in respect of special projects in the Local Economic Development Unit to the amount of R300k as well as an incorrect budgeted amount reflecting on the backlog for water and sanitation grant to the amount of R6,29m.The Planning Unit also reflects an under expenditure to the amount of R511k in respect of special projects – MSIG for environmental waste management and air quality plans.

2.3.4 Health:

Revenue & Expenditure	Actual 2009 R	Actual 2010 R	Variance 2009/10 %	Budget 2010 R	Variance Actual / Budget %
Revenue	92,000	214,409	133.05%	96,000	-123.34%
Expenditure	1,415,317	2,203,681	55.70%	2,367,810	6.93%
SURPLUS / (DEFICIT)	***(1,323,317)***	***(1,989,272)***	***50.32%***	***(2,271,810)***	***12.44%***

The environmental health section reflects a total saving to the amount of R164k or 12,44% compared to the approved budget due to savings on the grants & subsidies paid and general expenditure..

2.3.5 Community & Social Services:

Revenue & Expenditure	Actual 2009 R	Actual 2010 R	Variance 2009/10 %	Budget 2010 R	Variance Actual / Budget %
Revenue	-	-	0.00%	-	0.00%
Expenditure	749,402	399,477	-46.69%	522,780	23.59%
SURPLUS / (DEFICIT)	***(749,402)***	***(399,477)***	***-46.69%***	***(522,780)***	***23.59%***

The under expenditure to the amount of R123k or 23,59% compared to the approved budget is mainly attributed to special community projects not completed due to the position of Community Development Officer not filled permanently for a major portion of the financial year.

6 ***Public Safety:***

Revenue & Expenditure	Actual 2009 R	Actual 2010 R	Variance 2009/10 %	Budget 2010 R	Variance Actual / Budget %
Revenue	731,420	1,411,510	92.98%	1,650,716	14.49%
Expenditure	1,843,984	2,435,139	32.06%	3,543,156	31.27%
SURPLUS / (DEFICIT)	***(1,112,564)***	***(1,023,629)***	***-7.99%***	***(1,892,440)***	***45.91%***

Fire Fighting and Disaster Management section reflects an under expenditure to the amount of R1,11m compared to the approved budget.

The main reason for the variation is due to savings on the personnel budget, unforeseen emergency projects as well as under spending on the Fire Fighting and Disaster Management grant for special projects to be rolled over to the next financial year.

7 ***Water Services – Koopmansfontein:***

Revenue & Expenditure	Actual 2009 R	Actual 2010 R	Variance 2009/10 %	Budget 2010 R	Variance Actual / Budget %
Revenue	22,997	21,259	-7.56%	41,370	48.61%
Expenditure	28,989	22,836	-21.23%	44,870	49.11%
SURPLUS / (DEFICIT)	***(5,992)***	***(1,578)***	***-74%***	***-3,500***	***55%***

The budget in respect of revenue and expenditure for Koopmansfontein water services were not realistic and the deviation with regard to the actual revenue and expenditure compared to the approved budget is not regarded as significant.

An estimate of 90% of the 37 households in Koopmansfontein are indigent. The tariff determined for water consumption is not sufficient to cover the full operating cost to render the service and therefore any loss will be funded as a contribution from the equitable share allocation.

2.3.8 *Electricity Service – Koopmansfontein:*

Revenue & Expenditure	*Actual 2009 R*	*Actual 2010 R*	*Variance 2009/10 %*	*Budget 2010 R*	*Variance Actual / Budget %*
Revenue	6,649	8,134	22.34%	12,780	36.36%
Expenditure	8,690	8,741	0.59%	12,780	31.61%
SURPLUS / (DEFICIT)	***(2,041)***	***(607)***	***-70%***	*-*	***100%***

The budget in respect of free basic services for electricity at Koopmansfontein was not realistic and the deviation of actual expenditure compared to the approved budget is not regarded as significant.

An electricity pre-paid system is used and Eskom is the service provider with the district municipality responsible to fund the 50 kWh free basic service *(if registered as an indigent)* as a contribution from the equitable share allocation.

2.3.9 *Housing*

Revenue & Expenditure	*Actual 2009 R*	*Actual 2010 R*	*Variance 2009/10 %*	*Budget 2010 R*	*Variance Actual / Budget %*
Revenue	1,391,224	1,550,172	11.43%	1,841,060	15.80%
Expenditure	1,394,000	1,875,153	34.52%	1,792,030	-4.64%
SURPLUS / (DEFICIT)	***(2,776)***	***(324,980)***	***11607%***	***49,030***	***763%***

The negative results with regard to the Housing Unit can mainly be attributed to the fact that the operational grant in respect of the new government financial year has not been paid as per memorandum of understanding signed between the responsible department and the Frances Baard District Municipality.

3. APPROPRIATIONS

Appropriations for the year amount to a net inflow of R7,29m which can mainly be attributed to:

- Transfer to Capital Replacement Reserve (R2,691,550)
- Property, Plant and Equipment purchased R9,982 610
- Offsetting of depreciation R 233,543
- Asset Disposals R 149,920

4. POST-BALANCE SHEET EVENTS

No other significant events have occurred between the balance sheet date and the time of issuing this report.

5. CAPITAL EXPENDITURE AND FINANCING

	Actual 2010 R	Budget 2010 R	Variance Actual / Budget %	Actual 2009 R
Capital Expenditure				
Executive & Council	118,006	132,250	10.77%	1,331,891
Finance & Administration	1,353,906	1,467,190	7.72%	706,688
Planning & Development	8,392,841	7,336,020	-14.41%	20,721,733
Health	12,419	14,200	100.00%	16,064
Community & Social Services	-	20,000	100.00%	4,225
Housing	306,816	326,000	5.88%	-
Public Safety	182,547	144,000	-26.77%	342,539
Water Services	-	-	0.00%	-
TOTAL CAPITAL EXPENDITURE:	***10,366,535***	***9,439,660***	***-9.82%***	***23,123,140***
Financing of Fixed Assets				
Capital Replacement Reserve	9,933,163	9,036,550	-9.92%	8,123,140
External Loans	337,110	337,110	0.00%	15,000,000
Government Grants & Subsidies	46,816	66,000	29.07%	92,378
TOTAL FUNDING OF CAPITAL EXPENDITURE:	***10,317,088***	***9,439,660***	***-9.30%***	***23,215,519***

Actual expenditure incurred on fixed assets represents a decrease of R12,90m in comparison with the 2008/09 financial year.

The actual capital expenditure reflects a negative performance of 9,30% or R877k more than the approved budget mainly due to an additional amount approved by the council during May 2010 in respect of professional fees not foreseen on the building of the new Council Chamber.

Council attained a capital efficiency ratio of 109,30% for the financial year under review.

(A complete analysis of capital expenditure per asset classification is included in appendix B)

6. EXTERNAL BORROWINGS

The District Municipality reflects an external loan of R15m from Development Bank of Southern Africa to partially finance the construction of the new Council Chamber, offices and training facilities to the total estimated value of R34m. as well as a capitalized lease liability for the rental of photocopier machine to the value of R266k. An amount of R15,26m reflects outstanding as at 30 June 2010 in terms of the external loan and capitalized leased liability agreements.

Some financial ratios relevant to external borrowings are:

	2009/10	*2008/09*
Interest Bearing Debt to Revenue	15,13%	17,11%
Average Interest Paid to Debt	7,92%	2,53%
Capital Charges to Operating Expenditure	1,24%	0,47%

7. CASH AND INVESTMENTS

Council's cash and investments to the amount of R65,87m reflect a decrease of R4,44m or 6,31% compared to the previous financial year. Investments to the amount of R500k are ceded as collateral security on housing loans for officials of Council. ***(Refer to note 17)***

8. OUTSTANDING RECEIVABLES

Overall receivables including the short term portion of long term receivables reflect a decrease of R1,26m compared to the previous financial year. The 27,05% decrease can mainly be attributed to the effective implementation of credit control policy and debt management procedures for the year under review. Provision for bad debts decreased by R0,65k compared to the previous financial year which is not regarded as significant.
(Details with regard to the breakdown of debtors per category is set out in Notes 14 & 15)

Some financial ratios relevant to debtors are:

	2009/10	*2008/09*
Debt to Revenue	6,66%	8,64%
Outstanding Water Consumer Debtors to Revenue	3,91%	6,95%

Days Debtors Outstanding – Koopmansfontein Water	14 Days	25 Days

9. OUTSTANDING PAYABLES

Increase of outstanding payables to the amount of R31,54k or 0,52% can mainly be attributed to the increase in sundry payables to the total value of R1,93m compared to the previous financial year.

Unspent government grants reflect a decrease of 17,70% mainly due to an increase in the spending grants and subsidies rolled-over from the previous financial year.

Some financial ratios relevant to payables are:

Creditors Management	***2009/10***	***2008/09***
Creditors system efficiency	100%	100%

A trademark of the District Municipality is its commitment and ability to fully settle its creditors' accounts within the required terms of 30 days or as per applicable legislative requirement. This statement is supported by the constant 100% payment levels to creditors.

(Details with regard to outstanding payables is set out in Notes 4)

10. RATIO ANALYSIS / BENCHMARKS

Financial viability and sustainability is one of the key performance areas of the District Municipality as determined in the IDP. In order to ensure that the District Municipality maintains a healthy financial position, appropriate financial ratios / benchmarks are used to assist the District Municipality in assessing its financial wealth.

The appropriate financial ratios / benchmarks to assets the District Municipality's financial position are:

Liquidity	***2009/10***	***2008/09***
Liquidity - Current Ratio	3,90: 1	4,26: 1
Cash to Current Liabilities	3,55: 1	3,81: 1

Total Asset Turnover	2,05 Times	2,29 Times
Grant Dependency (Actual receipts per DoRA allocation)	89,17%	87,63%
Efficiency	***2009/10***	***2008/09***
Personnel costs to operating expenditure *(Inclusive of councilor remuneration)*	36,00%	33,23%

11. EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, the Speaker, members of the Mayoral Committee, the Chairperson and members of the Finance Portfolio Committee, Councillors, the members of the Audit Committee, the Municipal Manager, Heads of Departments and staff for their support and co-operation received during the past financial year.

A special word of appreciation is appropriate to the staff involved with the compilation of the financial statements for their dedication and hard work, as well as to all the staff in the Directorate Finance for the months of hard work, sacrifices and concerted effort during the financial year to enable the District Municipality to finalise the financial statements within the prescribed period.

P.J. VAN BILJON
CHIEF FINANCIAL OFFICER

ACCOUNTING POLICIES

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date

GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC144)	Financial Instruments: Disclosure
IFRS 12 (AC102)	Income Taxes
IFRS 19 (AC116)	Employee Benefits
IFRS 32 (AC125)	Financial Instruments: Presentation
IFRS 39 (AC133)	Recognition and Measurement
SIC – 20 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes

IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.
The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards (Refer to correction of error note as transitions was not utilised in the prior year):

GRAP 12 – Inventories
GRAP 16 – Investment Property
GRAP 17 – Property, Plant and Equipment
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations
GRAP 102 – Intangible Assets

2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

6. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

7. RESERVES

7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of a Council Resolution for approval thereof. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

7.2 Revaluation Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

8. LEASES

8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment

using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

9. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assts are recognised as an expense in the Statement of Financial Performance when incurred.

10. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.

- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

12. EMPLOYEE BENEFITS

(a) Pension obligations

The District Municipality contributes to the following post retirement funds - Cape Joint Pension fund, Cape Joint Retirement fund and SAMWU Retirement fund which provides for retirement benefits to its employees.

For defined contribution plans, the District Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

At present Council is paying, out of own funds, pensions to certain persons from the former Divisional Council Vaalrivier who retired before 31 December 1990.

It is an unfunded post-employment benefit and the amount paid per year is recognised as an expense on the operating account.

(b) Post Retirement Medical obligations

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with IAS 19 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The unrecognised liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set-off

against the liability, including notional interest, resulting from the valuation by the actuaries are charged against the Statement of Financial Performance as employee benefits upon valuation.

(d) Ex-Gratia Pension Benefits

The municipality provides pension benefits to all employees who were not members of the pension or provident funds, and who had completed at least ten years of service at the council on reaching the age of 60. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries are charged against the Statement of Financial Performance as employee benefits upon valuation.

(e) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). It the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

13.2 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

13.3 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

13.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives

	Years		*Years*
Infrastructure		**Other**	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15

		Bins and containers	5
Community		Specialised plant and Equipment	10-15
Buildings	30	Other plant and Equipment	2-5
Recreational Facilities	20-30	Landfill sites	15
Security	5	Quarries	25
Halls	20-30	Emergency equipment	10
Libraries	20-30	Computer equipment	3
Parks and gardens	15-20		
Other assets	15-20		
Heritage assets			
No depreciation			
Finance lease assets			
Office equipment	3		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

13.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

14. INTANGIBLE ASSETS

14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

14.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

15. INVESTMENT PROPERTY

15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

15.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

15.5 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

16. NON-CURRENT ASSETS HELD FOR SALE

16.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

16.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

17. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

18. IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in theStatement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

19. INVENTORIES

19.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

20.1 Initial Recognition

Financial instruments are initially recognised at fair value.

20.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

20.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

20.2.2 Trade and Other Receivables

For amounts due from debtors carried at amortised cost, the municipality first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment include significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 120 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

20.2.3 *Trade Payables and Borrowings*

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

20.2.4 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with bank, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

20.3 Derecognition of Financial Instruments

20.3.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase,

except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

20.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

20.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

20.5 Impairment of Financial Assets

The Municipality assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

21. REVENUE

21.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

21.3 Grants, Transfers and Donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

26. C0NTINGENT LIABILITIES

Contingent liabilities existent at the reporting date include housing loan guarantees issued by arrangement with Council's bankers. An investment has been ceded to the bank for global security against individual guarantees issued for collateral security provided for approved employees.

Other known contingent liabilities are reflected in the financial statements.

27. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets

is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 21.1 on Revenue from Non-Exchange Transactions and Accounting Policy 21.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation note 1.19 above). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

28. TAXES

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

29. AGENCY SERVICES

Council performs a cost-based roads maintenance service on behalf of the Department of Roads and Public Works of the Northern Cape Province.

Financial reporting on agency services is excluded from these statements as the principal requires reports to be submitted for processing on their independent system.

Inter-authority obligations relevant to the agency service on the reporting date are reflected in the balance sheet.

29. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

FINANCIAL STATEMENTS

30 JUNE 2010

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED ON 30 JUNE 2010

	Note	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net Assets		**66,248,155**	**62,660,766**
Capital Replacement Reserve		3,652,491	10,943,550
Government Grant Reserve		-	-
Revaluation Reserve		6,013,465	6,396,928
Accumulated Surplus / (Deficit)		56,582,199	45,320,288
Non-current Liabilities		**33,074,523**	**35,046,240**
Long-Term Liabilities	1	14,136,733	15,000,000
Employee Benefits	2	18,937,790	20,046,240
Current Liabilities		**18,565,463**	**18,447,006**
Current Employee Benefits	3	4,828,161	4,444,568
Trade Payables	4	6,063,088	6,031,552
Unspent Conditional Grants and Receipts	5	6,544,350	7,951,454
Operating Lease Liability	6.1	-	19,432
Current Portion of Long-term Liabilities	1	1,129,864	-
TOTAL: NET ASSETS AND LIABILITIES		**117,888,140**	**116,154,012**
ASSETS			
Non-current Assets		**45,522,619**	**38,255,745**
Property, Plant and Equipment	7	45,504,866	38,100,023
Non-Current Assets Held for Sale	8	-	150,000
Investment Property	9	-	-
Intangible Assets	10	-	-
Financial Assets	11	17,754	5,722
Long-term Receivables	12	-	-
Current Assets		**72,365,521**	**77,898,268**
Taxes	13	2,226,349	2,910,167
Trade Receivables from Exchange Transactions	14	491	1,100
Trade Receivables from Non-Exchange Transactions	15	3,985,873	4,668,430
Operating Lease Asset	6.2	11,954	12,182
Inventory	16	273,545	-
Current Portion of Long-term Receivables	12	-	-
Cash and Cash Equivalents	17	65,867,308	70,306,389
TOTAL: ASSETS		**117,888,140**	**116,154,012**

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED ON 30 JUNE 2010

Budget 2010 R	Budget 2009 R		Note	Actual 2010 R	Actual 2009 R
		REVENUE			
94,948,470	73,909,513	**Revenue from Non-Exchange Transactions**		**86,413,122**	**77,243,343**
108,400	-	***Taxation Revenue***		199,915	-
108,400	-	Property Rates - DMA	18	197,853	-
-	-	Property rates - penalties imposed and collection charges		2,061	-
94,840,070	73,909,513	***Transfer Revenue***		83,345,642	76,836,081
56,927,000	53,321,000	Regional Service Levy Replacement Grant	20.1	56,927,000	53,321,000
37,913,070	20,588,513	Government grants and subsidies	20.2	26,418,642	23,028,179
-	-	Public contributions	20.3	-	486,902
-	-	***Other Revenue***		2,867,566	407,262
-	-	Fines		-	1,250
-	-	Actuarial Gains		2,867,566	406,012
9,270,540	8,768,000	**Revenue from Exchange Transactions**		**7,050,168**	**10,439,601**
14,000	17,000	Service charges	19	12,550	15,815
36,000	36,000	Rental of facilities and equipment		42,701	45,313
7,780,000	7,780,000	Interest earned - external investments		5,880,677	9,138,607
715,000	715,000	Income for agency services		742,358	781,111
725,540	220,000	Other income	21	371,883	458,755
104,219,010	**82,677,513**	**Total Revenue**		**93,463,290**	**87,682,944**
		EXPENDITURE			
29,394,810	25,363,305	Employee related costs	22	28,276,188	22,679,670
4,344,290	3,949,350	Remuneration of Councilors	23	4,244,467	3,908,311
2,000	-	Bad debts		21,558	648
2,879,720	1,414,115	Depreciation		2,956,846	1,639,363
-	-	Amortisation		-	-
-	-	Actuarial Losses		176,834	5,822
2,264,170	1,516,330	Repairs and maintenance		1,172,759	1,048,212
-	-	Finance Charges - Employee Benefits		2,295,803	2,209,855
1,652,600	869,590	Finance Charges	24	1,119,034	-
18,580	23,000	Bulk purchases	25	10,367	12,946
4,329,430	7,366,610	Contracted services		1,483,581	3,744,542
63,838,570	39,815,465	Grants and subsidies paid	26	41,790,767	39,034,294
7,365,705	7,585,252	General expenses	28	6,544,747	5,739,725
-	-	Changes in Fair Value		-	-
116,089,875	**87,903,017**	**Total Expenditure**		**90,092,950**	**80,023,388**
(11,870,865)	**(5,225,504)**	**SURPLUS / (DEFICIT) FOR THE YEAR**		**3,370,341**	**7,659,556**
372,000	-	Gains on disposal of property, plant and equipment		372,000	7,876
-	-	Loss on disposal of property, plant and equipment		(154,952)	(2,106)
(11,498,865)	**(5,225,504)**	**NET SURPLUS / (DEFICIT) FOR THE YEAR**		**3,587,388**	**7,665,325**

Refer to Appendix D for segmental income statement

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FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED ON 30 JUNE 2010

	Capital Replacement Reserve R	Government Grant Reserve R	Revaluation Reserve R	Accumulated surplus (Deficit) R	Total R
2009					
Balance at 1 July 2008	8,953,491	493,093	6,628,150	38,788,884	54,863,618
Change in Accounting Policy - Note 30	-	(493,093)	-	493,093	-
Prior year errors - Note 29	-	-	-	131,823	131,823
Restated balance at 1 July 2008	8,953,491	-	6,628,150	39,413,801	54,995,441
Surplus/(deficit) for the year	-	-	-	7,665,325	7,665,325
Revaluation of Land & Buildings	-	-	-		-
Transfer to Capital Replacement Reserve	10,113,200	-	-	(10,113,200)	-
Property, plant and equipment purchased	(8,123,140)	-	-	8,123,140	-
Capital grants used to purchase Property Plant & Equipment	-	-	-	-	-
Donated/contributed Property Plant & Equipment	-	-	-	-	-
Asset disposals	-	-	-	-	-
Offsetting of depreciation	-	-	(231,222)	231,222	-
BALANCE AT 30 JUNE 2009	**10,943,550**	**-**	**6,396,928**	**45,320,288**	**62,660,766**
2009					
Correction of error (Note 29)	-	-	-	-	-
Change in accounting policy (Note 30)	-	-	-	-	-
RESTATED BALANCE	**10,943,550**	**-**	**6,396,928**	**45,320,287.95**	**62,660,766**
2010					
Surplus/(deficit) for the year	-	-	-	3,587,388	3,587,388
Revaluation of Land & Buildings	-	-	-	-	-
Transfer to Capital Replacement Reserve	2,691,550	-	-	(2,691,550)	-
Property, plant and equipment purchased	(9,982,610)	-	-	9,982,610	-
Capital grants used to purchase Property Plant & Equipment	-	-	-	-	-
Donated/contributed Property Plant & Equipment	-	-	-	-	-
Asset disposals	-	-	(149,920)	149,920	-
Offsetting of depreciation	-	-	(233,543)	233,543	-
BALANCE AT 30 JUNE 2010	**3,652,491**	**-**	**6,013,465**	**56,582,199**	**66,248,155**

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30 JUNE 2010

	Note	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		82,162,790	75,913,528
Cash paid to suppliers and employees		(81,480,624)	(74,530,089)
Cash generated from/(utilised in) operations	31	682,166	1,383,439
Dividends received			-
Interest received		5,880,677	9,138,607
Interest paid		(1,119,034)	-
NET CASH FROM OPERATING ACTIVITIES		**5,443,809**	**10,522,046**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10,366,535)	(23,123,140)
Proceeds on disposal of property, plant and equipment		217,048	5,769
Increase in investment properties		-	-
Increase / (decrease) in non-current receivables		-	-
Increase in non-current investments		-	-
NET CASH FROM INVESTING ACTIVITIES		**(10,149,487)**	**(23,117,371)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings raised / (repaid)		266,597	15,000,000
Increase in consumer deposits		-	-
Increase in unspent grants & subsidies		-	-
Decrease / (increase) in short-term borrowings		-	-
NET CASH FROM FINANCING ACTIVITIES		**(4,439,081)**	**2,404,675**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,439,081)**	**2,404,675**
Cash and cash equivalents at the beginning of the year		70,306,389	67,901,714
Cash and cash equivalents at the end of the year	17	65,867,308	70,306,389

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FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
1	**LONG-TERM LIABILITIES**		
1.1	Local Registered Stock Loans	-	-
1.2	Annuity Loans	15,000,000	15,000,000
1.3	Capitalised Lease Liability	266,597	-
1.4	Government Loans	-	-
	Sub-total	**15,266,597**	**15,000,000**
	Less : Current portion transferred to current liabilities	**1,129,864**	**-**
	Local Registered Stock Loans	-	-
	Annuity Loans	1,022,489	-
	Capitalised Lease Liability	107,376	-
	Government Loans	-	-
	Total Long-Term Liabilities	**14,136,733**	**15,000,000**
	Total Interest Paid		
	Local Registered Stock Loans	-	-
	Annuity Loans	1,084,027	-
	Capitalised Lease Liability	35,007	-
	Government Loans	-	-
	Total Interest Paid	**1,119,034**	**-**

1.1 Registered Stock Loans

No Stock Loans are registered in the name of Frances Baard District Municipality

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
1.2 Anuity Loans		
Balance at the beginning of the year	15,000,000	-
Received during the period	-	15,000,000
Redeemed, written off during the period	-	-
Balance at the end of the financial year	**15,000,000**	**15,000,000**
Less: Transferred to Current Liabilities	1,022,489	-
Total Anuity Loans	**13,977,511**	**15,000,000**
Interest paid during the year	**1,084,027**	**-**

The obligations under anuity loans are scheduled below:

	Minimum Anuity Loan Payments	
Amounts payable under anuity loans:		
Payable within one year	2,718,914	-
Payable within two to five years	12,235,111	-
Payable after five years	9,516,198	-
	24,470,223	-
Less: Future finance obligations	(9,470,223)	-
Present value of anuity loan obligations	**15,000,000**	**-**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
1.2.1	**Development Bank of Southern Africa**		
	Construction of new Council Chamber & offices		
	Loan No. 103363/1		
	Redeemable: 10 Years		
	Balance at the beginning of the year	15,000,000	-
	Received during the period	-	15,000,000
	Redeemed, written off during the period	-	-
	Balance at the end of the financial year	**15,000,000**	**15,000,000**
	Less: Transferred to Current Liabilities	1,022,489	
	Total: Development Bank of Southern Africa	**13,977,511**	**15,000,000**
	Interest paid during the year	**1,084,027**	**-**

A fixed term loan over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chaimber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six -monthly instalments with the first instalment payable on 31 Decdember 2010. Interest payments commenced on 30 June 2009.

1.3	**Capitalised Lease Liability**		
	Balance at the beginning of the year	-	-
	Received during the period	337,110	-
	Redeemed, written off during the period	70,513	-
	Balance at the end of the financial year	**266,597**	**-**
	Less: Transferred to Current Liabilities	107,376	
	Total: Capitalised Lease Liability	**159,221**	**-**

	2010 R	2009 R
Interest paid during the year	**35,007**	**-**

The obligations under Capitalised Lease Liability are scheduled below:

	Minimum Capitalised Lease Liability Payments	
Amounts payable under capitalised lease liability:		
Payable within one year	140,692	-
Payable within two to five years	175,865	-
Payable after five years	-	-
	316,557	-
Less: Future finance obligations	(49,961)	-
Present value of capitalised lease liability	**266,597**	**-**

A financing lease over three years payable in 36 installments was taken up to aquire a photo copier.

1.4 Government Loans

No Government Loans registered in the name of Frances Baard District Municipality

2 EMPLOYEE BENEFITS

Employment Benefits		
Post Employment Health Care Benefits	18,576,826	20,279,882
Ex-Gratia Pension Benefits	782,896	724,910
Long Service Leave Awards	1,013,696	758,174
	20,373,418	**21,762,966**
Less Short Term Portion Transferred to Current Employee Benefits	(1,435,628)	(1,716,726)
Total Employee Benefits	**18,937,790**	**20,046,240**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
EMPLOYEE BENEFITS		
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		
Post Employment Health Care Benefits		
Balance 1 July	20,279,882	19,528,705
Contribution for the year	2,300,948	2,210,147
Expenditure for the year	(1,136,438)	(1,052,958)
Actuarial Loss/(Gain)	(2,867,566)	(406,012)
Total post retirement benefits 30 June	18,576,826	20,279,882
Less: Transfer of Current Portion to Current Employee Benefits - Note 3	(1,203,492)	(1,601,658)
Balance 30 June	17,373,334	18,678,224
Long Service Leave Awards		
Balance 1 July	758,174	694,808
Contribution for the year	180,225	160,966
Expenditure for the year	(53,401)	(97,600)
Actuarial Loss/(Gain)	128,698	0
Total provision 30 June	1,013,696	758,174
Less: Transfer of Current Portion to Current Employee Benefits - Note 3	(160,882)	(61,667)
Balance 30 June	852,814	696,507

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Ex-Gratia Pensions		
Balance 1 July	724,910.00	704,784
Contribution for the year	78,708.00	76,714
Expenditure for the year	(68,859.00)	(62,410)
Actuarial Loss/(Gain)	48,137.00	5,822
Total long service 30 June	782,896.00	724,910
Less: Transfer of Current Portion to Current Employee Benefits - Note 3	(71,254.00)	(53,401)
Balance 30 June	711,642.00	671,509
Total Employee Benefits		
Balance 1 July	21,762,966	20,928,297
Contribution for the year	2,559,881	2,447,827
Expenditure for the year	(1,258,698)	(1,212,968)
Actuarial Loss/(Gain)	(2,690,731)	(400,190)
Total long service 30 June	**20,373,418**	**21,762,966**
Less: Transfer of Current Portion to Current Employee Benefits - Note 3	(1,435,628)	(1,716,726)
Balance 30 June	18,937,790	20,046,240

2.1 Post Retirement Health Care Benefits

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continuation member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
In-service (employee) members	66	56
Continuation members (e.g. retirees, widows, orphans)	49	44
Total Members	**115**	**100**

The liability in respect of past service has been estimated to be as follows:

In-service members	4,487,770	1,620,064
Continuation members	14,089,056	18,659,818
Total Liability	**18,576,826**	**20,279,882**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Keyhealth
LA Health
ProSano
SAMWU Medical Aid

The Future-service Cost for the ensuing year is estimated to be R 412,600, whereas the Interest- Cost for the next year is estimated to be R 1,639,200

Key actuarial assumptions used:

i) Rate of interest

Discount rate	9.11%	10.97%
Health Care Cost Inflation Rate	7.19%	9.78%
Net Effective Discount Rate	1.79%	1.08%

ii) Mortality rates

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The PA 90 ult. Mortality table was used by the actuaries.

iii) Normal retirement age
The normal retirement age for employees of the municipality is 60 years.

The amounts recognised in the Statement of Financial Position are as follows:

	2010 R	2009 R
Present value of fund obligations	18,576,826	20,279,882
Fair value of plan assets	-	-
Unrecognised past service cost -	-	-
Unrecognised actuarial gains / (losses) -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	**18,576,826**	**20,279,882**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	20,279,882	19,528,705
Current service cost	164,095	147,873
Interest Cost	2,136,852	2,062,274
Benefits Paid	(1,136,438)	(1,052,958)
Total expenses	**21,444,392**	**20,685,894**
Actuarial (gains) / losses	(2,867,566)	(406,012)
Present value of fund obligation at the end of the year	**18,576,826**	**20,279,882**

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets -	-	-
Contributions : employer	-	-
Contributions : employee -	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Past service costs -	-	-
Actuarial (gains) / losses -	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:	**+1%**	**-1%**
Effect on the aggregate of the current service cost	201,000	135,000
Effect on the defined benefit obligation	2,408,000	1,909,000

2.2 Long Service Bonusses

The Long Service Bonus plans are defined benefit plans. As at year end, 120 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 99,892, whereas the Interest- Cost for the next year is estimated to be R 84,030.

Key actuarial assumptions used:

i) Rate of interest		
Discount rate	8.99%	10.97%
General Salary Inflation (long-term)	6.34%	9.03%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.49%	1.78%
Analysis of accrued liability		
Fair value of plan assets -	-	-
Accrued Liability	1,013,696	758,174
Unrecognised past service cost -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	**1,013,696**	**758,174**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Reconciliation of accrued liability values:		
Present value of fund obligation at the beginning of the year	758,174	694,808
Current service cost	99,982	90,099
Present value of fund obligation recognised for the first time	-	-
Interest Cost	80,243	70,867
Benefits Paid	(53,401)	(97,600)
Total expenses	**884,998**	**758,174**
Actuarial (gains) / losses	128,698	-
Present value of fund obligation at the end of the year	**1,013,696**	**758,174**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets -	-	-
Contributions : employer	-	-
Contributions : employee	-	-
Past service costs	-	-
Actuarial (gains) / losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-
The effect of a 1% movement in the assumed rate of general salary inflation is as follows:	**+1%**	**-1%**
Effect on the aggregate of the current service cost	103,394	96,849
Effect on the defined benefit obligation	96,849	75,845

2.3 Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 4 former employees were eligible for Ex-Gratia Benifits.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 63,460

Key actuarial assumptions used:

	2010 R	2009 R
i) Rate of interest		
Discount rate	8.14%	11.34%
Benefit Increase Rate (CPI Inflation)	5.16%	8.98%
Analysis of accrued liability		
Fair value of plan assets -	-	-
Accrued Liability	782,897	724,910
Unrecognised past service cost -	-	-
Unrecognised actuarial gains / (losses) -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	**782,897**	**724,910**
Reconciliation of accrued liability values:		
Present value of fund obligation at the beginning of the year	724,910	704,784
Current service cost	-	-
Present value of fund obligation recognised for the first time		-
Interest Cost	78,708	76,714
Benefits Paid	(68,858)	(62,410)
Total expenses	**734,760**	**719,088**
Actuarial (gains) / losses	48,137	5,822
Present value of fund obligation at the end of the year	**782,897**	**724,910**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets -	-	-
Contributions : employer	-	-
Contributions : employee	-	-

	2010 R	2009 R
Past service costs	-	-
Actuarial (gains) / losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

The effect of a 1% movement in the assumed inflation is as follows:	+1%	-1%
Effect on the interest cost	85,625	72,680
Effect on the defined benefit obligation	860,058	716,398

2.4 Retirement Funds

CAPE JOINT PENSION FUND

This fund comprises a defined benefit section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2006 (30 June 2005) revealed that the fund had an actuarial surplus of R293,01 (R87,2) million with a funding level of 111,4% (103,4%), and is in a sound financial state as at 30 June 2006.

CAPE JOINT RETIREMENT FUND

This fund comprises a defined contribution section. The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2006 (30 June 2005) revealed that the fund had an actuarial surplus of R38,58 (R 17.32) million with a funding level of 114% (106.2%) and is in a sound financial position as at 30 June 2006.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R

MUNICIPAL COUNCILLORS PENSION FUND

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

3 CURRENT EMPLOYEE BENEFITS

3.1	Performance Bonusses	414,472	586,791
3.2	Staff Leave	2,212,376	1,532,721
3.3	Staff Bonuses	765,684	608,330
	Current Portion of Non-Current Employee Benefits - Note 2	1,435,628	1,716,726
	Total Provisions	**4,828,161**	**4,444,568**

3.1	**Performance Bonuses**		
	Balance at beginning of year	586,791	-
	Transfer from non-current	-	-
	Contributions to provision - current year provision	484,512	586,791
	Contributions to provision - prior year over provision	-	-
	Expenditure incurred	656,831	-
	Balance at end of year	**414,472**	**586,791**

3.2	**Staff Leave**		
	Balance at beginning of year	1,532,721	1,264,020
	Transfer from non-current	-	-
	Contributions to provision - current year provision	679,655	268,701
	Contributions to provision - prior year over provision	-	-
	Expenditure incurred	-	-
	Balance at end of year	**2,212,376**	**1,532,721**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
3.3	**Staff Bonuses**		
	Balance at beginning of year	608,330	488,778
	Transfer from non-current	-	-
	Contributions to provision - current year provision	966,101	1,013,643
	Contributions to provision - prior year over provision	-	-
	Expenditure incurred	(808,747)	(894,091)
	Balance at end of year	**765,684**	**608,330**

Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.(Nett movement on leave provision included in employee cost for the financial year under review)

Council does not make provision for leave benefits due to the Roads Agency personnel.

Obligations for accumulated leave at the reporting date amount to:	***359,367***	***241,412***

Roads Agency obligations are dealt with as part of the annual operating subsidy provided by the principal. No accumulated obligations are accounted for in the Agency financial reports.

Performance bonusess are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 39.5

4 TRADE PAYABLES

Other Creditors	6,063,088	6,031,552
Total creditors at year end	**6,063,088**	**6,031,552**

Other Creditors

Payments received in advance	19,444	16,722
Retentions	689,086	696,254
Creditors Control	1,880,343	4,000,606

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
	Sundry Creditors	3,154,487	1,223,451
	ABSA Fleet Card	28,948	28,079
	Salary Control	23,923	-
	Salary Control: - SITE / PAYE	1,438	488
	Salary Control: - Union Deduction	297	-
	Salary Control:- Workmen's Compensation	264,697	62,078
	Salary Control - Debit Order & Other Deductions Control	424	-
	Cash Incorrectly Allocated	-	-
	Suspense Account	-	3,875
	Total: Other Creditors	**6,063,088**	**6,031,552**

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

5.1	**Conditional Grants from Other Spheres of Government**	**6,544,350**	**7,951,454**
5.1.1	Equitable Share	-	-
5.1.2	Financial Management Grant	-	-
5.1.3	Municipal Systems Improvement Grant	511,947	1,379,409
5.1.4	DWA - Sanitation (Mvula Trust)	3,275,455	3,524,916
5.1.5	NC Tourism - Contribution Tourism Month	-	-
5.1.6	Department of Transport: Expanded Works Program	-	-
5.1.7	District Aids Council	19,596	38,406
5.1.8	NEAR Control Centre	-	83,938
5.1.9	NCPA - Housing Accreditation Grant	-	269,444
5.1.10	NCPA Firefighting Equipment	239,206	532,778
5.1.11	NCPA - Eradication of Bucket System	-	104,182
5.1.12	MIG - Projects	99,596	-
5.1.13	NCPA - O & M Electricity Grant	-	-
5.1.14	SETA - Skills Grant	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
5.1.15	NCPA: Vuna Awards	1,500,000	1,500,000
5.1.16	DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	201,424
5.1.17	NCPA: EPWP: Lerato Park	316,959	316,959
5.1.18	NCPA: Environmental Health Recycling Project	581,591	-
5.2.1	Koopmansfontein Electricity Self Build Scheme	-	-
	Summary of Movements - External Funds		
	Balance unspent at beginning of year	*7,951,454*	*12,671,294*
	Current year receipts	*81,842,538*	*72,944,710*
	Internal Transfers	-	-
	Gross Funding	***89,793,992***	***85,616,004***
	Conditions met – transferred to revenue	*(83,249,642)*	*(76,744,081)*
	Unsent portion paid back to donor	-	*(920,470)*
	Internal Transfers	-	-
	Unspent Portion at Year end	***6,544,350***	***7,951,454***

The following allocations were made to the municipality according to the stipulations of the Division of Revenue Act. Revenue received are recognised as revenue to the extent that the conditions or obligations are met. Conditions still to be met are transferred to liabilities. No allocations were delayed or withheld exept for the Vuna Awards which is subject to submitting a businessplan as per guideline requirements.

5.1.1	**Equitable Share**		
	Balance unspent at beginning of year	-	340,254
	Current year receipts	67,907,018	61,906,806
	Gross Funding	**67,907,018**	**62,247,060**
	Conditions met – transferred to revenue	(67,907,018)	(62,247,060)
	Unspent Portion at Year end	**-**	**-**

Department of Provincial & Local Government
Objective: To assist municipalities to provide basic infrastructure and services to low income households.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
5.1.2	**Financial Management Grant**		
	Balance unspent at beginning of year	-	-
	Current year receipts	750,000	500,000
	Gross Funding	**750,000**	**500,000**
	Conditions met – transferred to revenue	(750,000)	(500,000)
	Unspent Portion at Year end	**-**	**-**

National Treasury
Objective: To finance the reform programme for municipal budgeting and financial management practices

5.1.3	**Municipal Systems Improvement Grant**		
	Balance unspent at beginning of year	1,379,409	2,225,172
	Current year receipts	1,300,000	735,000
	Gross Funding	**2,679,409**	**2,960,172**
	Conditions met – transferred to revenue	(2,167,462)	(1,580,764)
	Unspent Portion at Year end	**511,947**	**1,379,409**

Department of Provincial & Local Government
Objective: To assist municipalities to build capacity for the new development system of local government.

5.1.4	**DWA - Sanitation (Mvula Trust)**		
	Balance unspent at beginning of year	3,524,916	3,996,672
	Current year receipts	1,667,124	2,501,387
	Gross Funding	**5,192,040**	**6,498,059**
	Conditions met – transferred to revenue	(1,916,584)	(2,973,143)
	Unspent Portion at Year end	**3,275,455**	**3,524,916**

Department of Water Affairs & Forestry
Objective: To provide adequate water and sanitation facilities to farm workers in the rural areas in the district as well as to support operation and maintenance programmes at local municipalities in the district.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Balance unspent at beginning of year	-	-
Current year receipts	50,000	50,000
Gross Funding	**50,000**	**50,000**
Conditions met – transferred to revenue	(50,000)	(50,000)
Unspent Portion at Year end	**-**	**-**

Northern Cape Tourism
Objective: Funding of tourism month activities at schools.

5.1.6 Department of Transport: Expanded Works Program

Balance unspent at beginning of year	-	514,902
Current year receipts	-	-
Gross Funding	**-**	**514,902**
Conditions met – transferred to revenue	-	(514,902)
Unspent Portion at Year end	**-**	**-**

Department of Roads and Public Works
Objective: To maintain and support job creation opportunities within the district in order to relieve poverty

5.1.7 District Aids Council

Balance unspent at beginning of year	38,406	42,532
Current year receipts	-	-
Gross Funding	**38,406**	**42,532**
Conditions met – transferred to revenue	(18,810)	(4,127)
Unspent Portion at Year end	**19,596**	**38,406**

Department of Health - Northern Cape Province
Objective: To finance the costs of District Aids Councils in the campaign against AIDS.
Also to provide HIV /AIDS prevention care programs and services in the region.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
5.1.8	**NEAR Control Centre**		
	Balance unspent at beginning of year	83,938	-
	Current year receipts	714,000	570,000
	Gross Funding	**797,938**	**570,000**
	Conditions met – transferred to revenue	(797,938)	(486,062)
	Unspent Portion at Year end	**-**	**83,938**

Department of Housing & Local Government - Northern Cape Province
Objective: To maintain effective functioning of the NEAR control centres and provide additional funds for training NEAR personnel.

5.1.9	**NCPA - Housing Accreditation Grant**		
	Balance unspent at beginning of year	269,444	926,002
	Current year receipts	1,280,728	734,665
	Gross Funding	**1,550,172**	**1,660,668**
	Conditions met – transferred to revenue	(1,550,172)	(1,391,224)
	Unspent Portion at Year end	**-**	**269,444**

Department of Housing & Local Government - Northern Cape Province
Objective: To enable the District Municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Housing and Local Government.

5.1.10	**NCPA Firefighting Equipment**		
	Balance unspent at beginning of year	532,778	478,136
	Current year receipts	320,000	300,000
	Gross Funding	**852,778**	**778,136**
	Conditions met – transferred to revenue	(613,572)	(245,358)
	Unspent Portion at Year end	**239,206**	**532,778**

Department of Housing & Local Government - Northern Cape Province
Objective: To enhance municipalities' capacity to deal with fire hazards.

5.1.11 NCPA - Eradication of Bucket System

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Balance unspent at beginning of year	104,182	1,480,446
Current year receipts	-	-
Gross Funding	**104,182**	**1,480,446**
Conditions met – transferred to revenue	(104,182)	(1,376,264)
Unspent Portion at Year end	**-**	**104,182**

Department of Housing & Local Government - Northern Cape Province
Objective: To eliminate the use of bucket sanitation systems in the district by end of September 2008

5.1.12 MIG - Projects

Balance unspent at beginning of year	-	395,905
Current year receipts	7,036,000	2,100,000
Gross Funding	**7,036,000**	**2,495,905**
Conditions met – transferred to revenue	(6,936,404)	(1,575,435)
Unsent portion paid back to donor	-	(920,470)
Unspent Portion at Year end	**99,596**	**-**

Department of Provincial & Local Government
Objective: To provide service delivery infrastructure to households in poorer residential areas

Balance of R99 596 is due to a payment of R 700 000 received for the 2010 / 11 financial year and expenditure to the amount of R600 404.

5.1.13 NCPA - O & M Electricity Grant

Balance unspent at beginning of year	-	28,045
Current year receipts	-	-
Gross Funding	**-**	**28,045**
Conditions met – transferred to revenue	-	(28,045)
Unspent Portion at Year end	**-**	**-**

Department of Housing & Local Government - Northern Cape Province
Objective: To improve the operation and maintenance of the Electricity infrastructure in the district

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
5.1.14	**SETA - Skills Grant**		
	Balance unspent at beginning of year	-	-
	Current year receipts	117,667	174,950
	Gross Funding	**117,667**	**174,950**
	Conditions met – transferred to revenue	(117,667)	(174,950)
	Unspent Portion at Year end	**-**	**-**

Sector Education and Training Authority
Objective: To be used for training and capacity building of employees as per approved Skills Work Plan.

5.1.15	**NCPA: Vuna Awards**		
	Balance unspent at beginning of year	1,500,000	1,500,000
	Current year receipts	-	-
	Gross Funding	**1,500,000**	**1,500,000**
	Conditions met – transferred to revenue	-	-
	Unspent Portion at Year end	**1,500,000**	**1,500,000**

Department of Housing & Local Government - Northern Cape Province
Objective: To initiate community projects as per approved business plans by the Department of Housing and Local Government.

5.1.16	**DWA: Backlogs in Water & Sanitation at Clinics and Schools**		
	Balance unspent at beginning of year	201,424	-
	Current year receipts	-	2,885,000
	Gross Funding	**201,424**	**2,885,000**
	Conditions met – transferred to revenue	(201,424)	(2,683,576)
	Unspent Portion at Year end	**-**	**201,424**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
	Department of Water Affairs		
	Objective: To eradicate water supply and sanitation backlogs of all clinics and schools which were never served by December 2009.		
5.1.17	**NCPA: EPWP: Lerato Park**		
	Balance unspent at beginning of year	316,959	743,228
	Current year receipts	-	-
	Gross Funding	**316,959**	**743,228**
	Conditions met – transferred to revenue	-	(426,269)
	Unspent Portion at Year end	**316,959**	**316,959**
	Department of Roads & Public Works		
	Clearance and vegetation control of sidewalks for access roads in Lerato Park		
5.1.18	**NCPA: Environmental Health Recycling Project**		
	Balance unspent at beginning of year	-	-
	Current year receipts	700,000	-
	Gross Funding	**700,000**	**-**
	Conditions met – transferred to revenue	(118,409)	-
	Unspent Portion at Year end	**581,591**	**-**
	Department of Environment & Nature Conservation - Northern Cape Province		
	Frances Baard Recycling projects		
5.2	**Other Conditional Receipts**		
5.2.1	**Koopmansfontein Electricity Self Build Scheme**		
	Balance unspent at beginning of year	-	-
	Current year receipts	-	486,902
	Gross Funding	**-**	**486,902**
	Conditions met – transferred to revenue	-	(486,902)
	Unspent Portion at Year end	**-**	**-**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Private contributions: ESKOM & Farmers		
Objective: To complete the Koopmansfontein self build scheme with financial contribution from ESKOM and farmers.		

6 OPERATING LEASE ARRANGEMENTS

6.1 The Municipality as Lessee

Leases not previously recognised	-	19,432
Balance on 30 June	**-**	**19,432**

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	-	233,812
2 to 5 Years	-	254,863
More than 5 Years	-	-
Total Operating Lease Arrangements	**-**	**488,675**

Reconciliation

Balance 1 July	19,432	17,812
Amount previously recorded	-	-
Change in accounting policy - Note 30	-	-
Movement during the year	(19,432)	1,619
Balance on 30 June	**-**	**19,432**

6.2 The Municipality as Lessor

Change in accounting policy - Note 30	-	12,182
Balance on 30 June	**-**	**12,182**

	2010 R	2009 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	14,282	13,224
1 to 5 Years	48,575	62,856
More than 5 Years	-	-
Total Operating Lease Arrangements	**62,856**	**76,080**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has an undetermined conditional income.

Reconciliation

Amount previously recorded (Through change in accounting policy)	12,182	11,430
Change in accounting policy - Note 30	-	-
Movement during the year	(228)	752
Balance on 30 June	**11,954**	**12,182**

7 PROPERTY, PLANT & EQUIPMENT

7.1 GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Land;		
Property, Plant and Equipment financed by way of finance leases;		
Property, Plant and Equipment financed by way of provisions;		
Property, Plant and Equipment transferred as a result of the transfer of functions; and		
Componentised infrastructure assets.		

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP 17 and restated retrospectively:

Land;	-	-
Refuse tip-sites financed by way of a provision;	-	-
Changes to accumulated depreciation as a result of the componentising of infrastructure assets	-	-
Total not previously recognised now restated retrospectively	-	-

Fully Depreciated assets still in use were as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Cost	3,402,869	2,732,327
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	3,402,869	2,732,327
Accumulated depreciation	3,402,869	2,732,327
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	3,402,869	2,732,327
Carrying value	-	-
Carrying value of assets retired from active use and held for disposal:		
Cost	50,025	150,000
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	50,025	150,000
Accumulated depreciation	50,025	-
Land and Buildings		-
Infrastructure		-
Community Assets		-
Lease Assets		-
Heritage		-
Other	50,025	-
Carrying value	-	150,000

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Carrying value of temporarily idle property plant and equipment:		
Cost	-	-
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
Accumulated depreciation	-	-
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
Carrying value	-	-

Assets pledged as security:

No assets are pedged as security.

Third party payments received for losses incurred:

Payments received (Excluding VAT)	6,253	-
Carrying value of assets written off/lost	4,951	-
Surplus/Deficit	**1,302**	**-**

Impairment of property plant and equipment

Impairment charges on Property, plant and equipment recognised in statement of financial performance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
	-	-

Cumulative impairment charges included in major balances

Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
	-	-

Effect of changes in accounting estimates

No changes in accounting astimates occurred.

	2010 R	2011 R	2012 R
Effect on Property, plant and equipment			

Details of property plant and equipment carried at fair value

The revaluation of council's land and buildings was done during the 2006 / 07 financial year by De Bruyn & Strauss Incorporated on the method of estimated building cost less depreciation with the effective date 01 February 2007.

Carrying value of revalued property, plant and equipment that would have been recognised under the cost model if the cost model was applied:

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Cost		
Land & Buildings	34,336,861	28,981,443
Accumulated Depreciation	3,600,540	3,061,924
	37,937,401	**32,043,367**
Reconciliation of revaluation surplus:		
Opening balance	6,396,928	6,628,150
Movement for the period	(383,463)	(231,222)
Closing balance	**6,013,465**	**6,396,928**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7.2 30 June 2010

Reconciliation of Carrying Value of Property Plant & Equipment

	Other Assets	Community Assets	Heritage Assets	Total
Carrying Values at 1 July 2009	***37,181,935***	***326,205***	***591,898***	***38,100,038***
Total Assets at the beginning of the year	***46,603,683***	***473,504***	***591,898***	***47,669,084***
Cost	15,552,361	473,504	-	16,025,865
Capital Under Construction	23,382,854	-	591,898	23,974,751
Revaluation	7,668,468	-	-	7,668,468
Accumulated Depreciation	***(9,421,748)***	***(147,299)***	***-***	***(9,569,046)***
- Cost	(8,150,208)	(147,299)	-	(8,297,506)
- Revaluation	(1,271,540)	-	-	(1,271,540)
Current year contributions	***10,116,441***	***214,565***	***35,529***	***10,366,535***
Acquisitions	9,841,703	16,988	35,529	9,894,219
Capital Under Construction	274,738	197,577		472,315
Increase / Decrease in Revaluation	-	-	-	-
Depreciation	***(2,845,503)***	***(111,252)***	***-***	***(2,956,755)***
- Cost	(2,611,960)	(111,252)	-	(2,723,212)
- Revaluation	(233,543)	-	-	(233,543)
Carrying Value of Disposals	***(154,952)***	***-***	***-***	***(154,952)***
- Cost / Revaluation	(364,607)	-	-	(364,607)
- Accumulated Depreciation	209,654	-	-	209,654
Other Movements	***49,949***	***-***	***-***	***99,975***
Impairment Losses	-	-	-	-
Transfer from Assets Held for Sale: Previous Year	150,000	-	-	150,000
Transfer to Non Current Assets Held For Sale Depreciation) (Note 8)	(50,025)			
Transfer to Non Current Assets Held For Sale (Note 8)	(50,025)	-	-	(50,025)
Carrying Values at 30 June 2010	***44,447,920***	***429,519***	***627,426***	***45,504,866***
Total Assets at the end of the year	***56,455,491***	***688,069***	***627,426***	***57,770,987***
Cost	48,662,205	490,492	627,426	49,780,123
Capital Under Construction	274,738	197,577	-	472,315
Revaluation	7,518,548	-	-	7,518,548
Accumulated Depreciation	***(12,007,571)***	***(258,550)***	***-***	***(12,266,121)***
- Cost	(10,502,488)	(258,550)	-	(10,761,038)
- Revaluation	(1,505,083)	-	-	(1,505,083)

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7.3 30 June 2009

Reconciliation of Carrying Value of Property Plant & Equipment

	Other Assets	Community Assets	Heritage Assets	Total
Carrying Values at 1 July 2008	***16,629,748***	***162,168***	***-***	***12,602,259***
Total Assets at the beginning of the year	***24,504,449***	***225,610***	***-***	***20,540,402***
Cost	12,646,323	225,610	-	12,871,934
Capital Under Construction	4,189,657	-	-	
Revaluation	7,668,469	-	-	7,668,469
Accumulated Depreciation	***(7,874,701)***	***(63,442)***	***-***	***(7,938,143)***
- Cost	(6,834,382)	(63,442)	-	(6,897,824)
- Revaluation	(1,040,319)	-	-	(1,040,319)
Current year contributions	***22,283,349***	***247,894***	***591,898***	***23,123,140***
Acquisitions	3,090,167	247,894	-	3,338,061
Capital Under Construction	19,193,182	-	591,898	19,785,080
Increase / Decrease in Revaluation	-	-	-	-
Depreciation	***(1,573,375)***	***(83,856)***	***-***	***(1,657,232)***
- Cost	(1,342,154)	(83,856)	-	(1,426,010)
- Revaluation	(231,222)	-	-	(231,222)
Carrying Value of Disposals	***(7,802)***	***-***	***-***	***(7,802)***
- Cost / Revaluation	(34,130)	-	-	(34,130)
- Accumulated Depreciation	26,327	-	-	26,327
Other Movements	(150,000)	***-***	***-***	(150,000)
Impairment Losses	-	-	-	-
Other Movements	(150,000)	-	-	(150,000)
Carrying Values at 30 June 2009	***37,181,934***	***326,205***	***591,898***	***38,100,037***
Total Assets at the end of the year	***46,603,683***	***473,504***	***591,898***	***47,669,084***
- Cost	15,552,361	473,504	-	16,025,865
- Capital Under Construction	23,382,854		591,898	23,974,751
- Revaluation	7,668,468	-	-	7,668,468
Accumulated Depreciation	**(9,421,748)**	***(147,299)***	***-***	***(9,569,047)***
- Cost	(8,150,208)	(147,299)	-	(8,297,507)
- Revaluation	(1,271,540)	-	-	(1,271,540)

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(Appendix B & C in respect of property, plant and equipment have reference)

7.4 Analysis of Property, Plant and Equipment

30 June 2010	Cost / Revaluation						Accumulated Depreciation					Carrying Value	Budget Additions 2010
	Balance at 01/07/2009	* Correction of asset categories	Additions	Under Construction	Disposals	Balance at 30/06/2010	Balance at 01/07/2009	* Correction of asset categories	Additions	Disposals	Balance at 30/06/2010		
COMMUNITY ASSETS													
Land & Buildings	106,676		-	45,000		151,676	10,677		3,567		14,244	137,432	
Security Measures	366,828		16,988	152,577		536,393	136,621		107,685		244,306	292,087	
Total: Community Assets	**473,504**	**-**	**16,988**	**197,577**	**-**	**688,069**	**147,299**	**-**	**111,252**	**-**	**258,550**	**429,519**	**-**
HERITAGE ASSETS													
Statues	591,898		35,529			627,426.84	-				-	627,427	35,530
Total: Heritage Assets	**591,898**	**-**	**35,529**	**-**	**-**	**627,427**	**-**	**-**	**-**	**-**	**-**	**627,427**	**35,530**
OTHER ASSETS													
Land & Buildings	36,649,912	-	5,256,111	249,308	150,000	42,005,330	4,102,243		1,003,380		5,105,623	- 36,899,707	6,965,680
Office Equipment	497,336	249,448	2,276,665	25,430	6,754	3,042,125	347,376	164,517	425,842	1802.22	935,932	2,106,192	115,300
Furniture & Fittings	1,285,634	35,905	912,280			2,233,819	209,585	32,052	191,709		433,345	1,800,474	301,340
Plant & Machinery	1,978,606	(224,010)	24,790			1,779,387	289,189	(135,328)	151,998		305,858	1,473,529	222,010
Emergency Equipment	454,055	-	75,567			529,622	332,279		60,375		392,654	136,968	
Motor Vehicle	2,522,437	(1)	678,680		207,853	2,993,263	1,932,641	91	359,924	207,852	2,084,804	908,459	680,000
Land Fill Sites	3,200	-	-			3,200	-		107		107	3,093	
Computer Equipment	3,362,503	(61,341)	617,610			3,918,771	2,208,345	(61,331)	652,260		2,799,274	1,119,497	782,690
Total: Other Assets	**46,753,682**	**-**	**9,841,703**	**274,738**	**364,607**	**56,505,516**	**9,421,657**	**-**	**2,845,594**	**209,654**	**12,057,597**	**44,447,920**	**9,067,020**
Less transferred to Non - Current Assets Held for Sale	(150,000)					(50,025)	-				(50,025)	-	
TOTAL ASSETS	**47,669,084**	**-**	**9,894,219**	**472,315**	**364,607**	**57,770,987**	**9,568,956**	**-**	**2,956,846**	**209,654**	**12,266,121**	**45,504,866**	**9,102,550**

* Frances Baard implemented a new financial and asset management system on 1 July 2009. As part of the implementation of the new system, all assets were individually categorised. Some differences between the different categories were found and corrected.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Analysis of Property, Plant and Equipment

30 June 2009	Cost / Revaluation						Accumulated Depreciation					Carrying Value	Budget Additions 2009
	Balance at 01/07/2008	* Correction of asset categories	Additions	Under Construction	Disposals	Balance at 30/06/2009	Balance at 01/07/2008	* Correction of asset categories	Additions	Disposals	Balance at 30/06/2009		
COMMUNITY ASSETS													
Land & Buildings	106,676		-	-	-	106,676	7,121	-	3,556	-	10,677	95,999	30,000
Security Measures	118,934		247,894	-	-	366,828	56,321	-	80,300	-	136,621	230,207	255,000
Total: Community Assets	**225,610**		**247,894**	**-**	**-**	**473,504**	**63,442**	**-**	**83,856**	**-**	**147,299**	**326,205**	**285,000**
HERITAGE ASSETS													
Statues	-		-	591,898	-	591,898	-	-	-	-	-	591,898	600,000
Total: Heritage Assets	**-**		**-**	**591,898**	**-**	**591,898**	**-**		**-**	**-**	**-**	**591,898**	**600,000**
OTHER ASSETS													
Land & Buildings	13,267,163		3,110	23,379,639	-	36,649,912	3,740,141	-	362,101	-	4,102,243	32,547,669	24,700,000
Office Equipment	457,899		42,126	-	2,690	497,336	283,129	-	65,395	1,148	347,376	149,960	11,380
Furniture & Fittings	614,299		671,336	-	-	1,285,634	153,243	-	56,342	-	209,585	1,076,050	1,066,000
Plant & Machinery	452,276		1,526,330	-	-	1,978,606	163,750	-	132,751	7,311	289,189	1,689,417	1,692,520
Emergency Equipment	443,179		10,875	-	-	454,054	258,775	-	73,503	-	332,279	121,776	20,000
Motor Vehicle	2,522,436		-	-	-	2,522,437	1,572,570	-	360,072	-	1,932,642	589,795	-
Land Fill Sites				3,200		3,200		-				3,200	-
Computer Equipment	2,557,539		836,390	-	31,440	3,362,489	1,703,091	-	523,122	17,868	2,208,345	1,154,144	914,505
Total: Other Assets	**20,314,791**		**3,090,167**	**23,382,839**	**34,130**	**46,753,669**	**7,874,699**		**1,573,286**	**26,327**	**9,421,658**	**37,332,011**	**28,404,405**
Less transferred to Non - Current Assets Held for Sale						(150,000)						(150,000)	
TOTAL ASSETS	**20,540,402**		**3,338,061**	**23,974,737**	**34,130**	**47,669,070**	**7,938,141**		**1,657,143**	**26,327**	**9,568,956**	**38,100,114**	**29,289,405**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Segmental Analysis of Property, Plant and Equipment

30 June 2010	Cost					ACCUMULATED DEPRECIATION				Carrying Value
	Balance at 01/07/2009	Additions	Under Construction	Disposals / Adjustments	Balance at 30/06/2010	Balance at 01/07/2009	Additions	Disposals / Adjustments	Balance at 30/06/2010	
Executive and Council	1,774,100	118,006		*139,850* * 6,753.51	**2,025,203**	273,806	344,109	*317,844* 1,802.22	**933,956**	**1,091,247**
Finance & Admin	19,270,698	1,353,906		*(13,730,710)* * 207,853	**6,686,040**	8,264,589	913,317	*(4,371,782)* *207,852*	**4,598,272**	**2,087,768**
Planning & Development	25,483,958	8,073,103	319,738	*14,192,344* * 150,000	**47,919,143**	380,727	1,560,207	*4,308,470*	**6,249,404**	**41,669,739**
Health	271,711	12,419		*(30,453)* *	**253,677**	107,054	43,781	*3,132*	**153,967**	**99,710**
Community & Social Services	10,995			*(10,995)* *	**-**	3,533		*(3,533)*	**-**	**0**
Housing	26,594	306,815.59		*23,816* *	**357,226**	10,195	39,536	*9,918*	**59,648**	**297,577**
Public Safety	981,028	29,970	152,577.48	*(583,851)* *	**579,724**	529,053	55,896	*(264,050)*	**320,900**	**258,825**
Sport & Recreation	-	-	-	-	**-**	-	-	-	**-**	**-**
Environmental Protection	-	-	-	-	**-**	-	-	-	**-**	**-**
Waste Management	-	-	-	-	**-**	-	-	-	**-**	**-**
Road Transport	-	-	-	-	**-**	-	-	-	**-**	**-**
Water	-	-	-	-	**-**	-	-	-	**-**	**-**
Electricity	-	-	-	-	**-**	-	-	-	**-**	**-**
Other	-	-	-	-	**-**	-	-	-	**-**	**-**
TOTAL PER VOTE	**47,819,084**	**9,894,219**	**472,315**	**- * 364,607**	**57,821,012**	**9,568,956**	**2,956,846**	**- * 209,654**	**12,316,147**	**45,504,865**
Less transferred to Non- Current Assets Held for Sale	-150,000				-50,025				-50,025	-
Total Assets	**47,669,084**	**9,894,219**	**472,315**	**364,607**	**57,770,987**	**9,568,956**	**2,956,846**	**209,654**	**12,266,122**	**45,504,865**

**** Internal Transfers***

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Segmental Analysis of Property, Plant and Equipment

30 June 2009	Cost					ACCUMULATED DEPRECIATION				Carrying Value
	Balance at 01/07/2008	Additions	Under Construction	Disposals / Adjustments	Balance at 30/06/2009	Balance at 01/07/2008	Additions	Disposals / Adjustments	Balance at 30/06/2009	
Executive and Council	373,280	739,993	591,898	*68,929* * -	**1,774,100**	137,061	91,696	*45,049* -	**273,806**	**1,500,294**
Finance & Admin	18,752,280	706,688	-	*(156,831)* * 31,440	**19,270,698**	7,170,249	1,222,528	*(119,638)* *8,459*	**8,264,681**	**11,006,017**
Planning & Development	525,329	1,531,751	23,379,639	***49,915*** * 2,690	**25,483,943**	195,104	111,408	*74,215* -	**380,727**	**25,103,217**
Health	192,753	12,864	3,200	***62,894*** * -	**271,711**	69,934	44,731	*10,257* 17,868	**107,054**	**164,657**
Community & Social Services	15,232	4,225	-	***(8,462)*** * -	**10,995**	8,498	2,529	*(7,495)* -	**3,533**	**7,463**
Housing	50,410	-	-	***(23,815)*** * -	**26,594**	6,741	7,534	*(4,081)* -	**10,195**	**16,400**
Public Safety	631,118	342,539	-	***7,371*** * -	**981,028**	350,554	176,807	*1,692* -	**529,053**	**451,975**
Sport & Recreation	-	-	-	-	**-**	-	-	-	**-**	**-**
Environmental Protection	-	-	-	-	**-**	-	-	-	**-**	**-**
Waste Management	-	-	-	-	**-**	-	-	-	**-**	**-**
Road Transport	-	-	-	-	**-**	-	-	-	**-**	**-**
Water	-	-	-	-	**-**	-	-	-	**-**	**-**
Electricity	-	-	-	-	**-**	-	-	-	**-**	**-**
Other	-	-	-	-	**-**	-	-	-	**-**	**-**
TOTAL PER VOTE	**20,540,402**	**3,338,061**	**23,974,737**	**- * 34,130**	**47,819,070**	**7,938,141**	**1,657,234**	**- * 26,327**	**9,569,048**	**38,250,022**
Less transferred to Non- Current Assets Held for Sale					-150,000					**(150,000)**
Total Assets	**20,540,402**	**3,338,061**	**23,974,737**	**34,130**	**47,669,070**	**7,938,141**	**1,657,234**	**26,327**	**9,569,048**	**38,100,022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
8 NON-CURRENT ASSETS HELD FOR SALE		
Non-current assets held for sale at beginning of year - at book value	150,000	-
Additions for the year at cost	50,025	150,000
Less: Accummulate Depreciation	(50,025)	
	150,000	**150,000**
Non-current assets sold / written off during the year	(150,000)	
Non-current assets held for sale at end of year - at book value	**-**	**150,000**

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 45.5

9 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	-	-
Balance previously reported	-	-
Correction of error. Refer to note	-	-
Fair Value Adjustments		
Acquisitions	-	-
Disposals	-	-
Impairment	-	-
Transfers from Inventory	-	-
Transfers from Property, Plant and equipment	-	-
Net Carrying amount at 30 June	-	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 45.5

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R

GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisons as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.

The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:

Land with undetermined use;	-	-
Land;	-	-
Buildings; and	-	-
Land and Buildings.	-	-
Total not previously recognised now restated retrospectively	-	-
Revenue derived from the rental of investment property	-	-
Operating expenditure incurred on properties generating revenue	-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
10 INTANGIBLE ASSETS		
Net Carrying amount at 1 July	-	-
Change in Accounting Policy - Transfer from Property, Plant and Equipment	-	-
Cost	-	-
Accumulated Amortisation	-	-
Acquisitions	-	-
Amortisation	-	-
Disposals	-	-
Amortisation written back on disposal	-	-
Net Carrying amount at 30 June 2010	-	-
Cost	-	-
Accumulated Amortisation	-	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 45.5

No intangible asset were assed having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual contractual commitments for the acquisition of intangible assets.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
11	**INVESTMENTS**		
	Unlisted		
	Preference shares currently trading at R1.80 - Held at Fair Value Through Profit and Loss	6,179	3,433
	Preference shares currently trading at R2.34 each - Held at Fair Value Through Profit and Loss	5,356	2,289
	TOTAL UNLISTED INVESTMENTS	**11,536**	**5,722**
	Shares held in the agricultural co-operative society, acquired trough purchase of operational materials. Although Council trades with GWK and receives a discount on its trading account, Council does not have any proprietary interest in the cooperative society.		
	Listed		
	Sanlam shares currently trading at R22.86 - Held at fair value trough profit & loss	6,218	-
	TOTAL LISTED INVESTMENTS	**6,218**	**-**
	TOTAL INVESTMENTS	**17,754**	**5,722**
12	**LONG-TERM RECEIVABLES**		
		-	-
	No Long Term Debt at Reporting Date	-	-
	No Long Term Debt at Reporting Date	-	-
	Long Term Portion of Long Term Debt	-	-
	Short Term Portion of Long Term Debt	-	-
	Long Term Debt at Reporting Date	**-**	**-**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R

13 TAXES

VAT Receivable	2,226,349	2,910,167

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date through out the year.

14 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balance	Provision for Bad Debt	Net Balance
As at 30 June 2010			
Water	491	-	491
TOTAL TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS	**491**	**-**	**491**
As at 30 June 2009			
Water	1,753	654	1,100
TOTAL TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS	**1,753**	**654**	**1,100**
Water Ageing			
Current (0 – 30 days)		331	172
31 – 60 Days		12	572
61 – 90 Days		22	106
91 – 120 Days		126	903

Summary of Debtors by Customer Classification

30 June 2010	Consumers	Industrial / Commercial	National & Provincial Government
Current (0 – 30 days)	331	-	-
31 – 60 Days	12	-	-
61 – 90 Days	22	-	-
91 – 120 Days	126	-	-
Sub-total	**491**	**-**	**-**
Less: Provision for bad debts	-	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
TOTAL CONSUMER DEBTORS	**491**	**-**	**-**

Summary of Debtors by Customer Classification

30 June 2009	**Consumers**	**Industrial / Commercial**	**National & Provincial Government**
Current (0 – 30 days)	172	-	-
31 – 60 Days	572	-	-
61 – 90 Days	106	-	-
91 – 120 Days	903	-	-
Sub-total	**1,753**	**-**	**-**
Less: Provision for bad debts	654	-	-
TOTAL CONSUMER DEBTORS	**1,100**	**-**	**-**

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year	654	720
Contributions to provision	(654)	**(67)**
Doubtful debts written off against provision	-	-
Balance at end of year	**-**	**654**

15	**TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**	**3,985,873**	**4,668,431**
15.1	Sundry Debtors - Other	3,429,011	4,221,397
	Property Rates	109,828	-
15.2	Recoverable Expenditure - Fraudulant Transactions	447,034	447,034

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
15.1	**Sundry Debtors - Other**		
	Sundry Services	2,271,827	2,104,837
	- Advanced - payments: Debtors Control Account	-	16,285
	Payments Made in Advance	454,559	74,970
	Recoverable Expenditure	-	21,000
	Interest on investment	243,827	455,329
	NCPA Roads Agency Services - Loan Account	457,150	1,548,975
	Interest	1,649	-
	Under And Over Banking	0	-
	Total Other Debtors	**3,429,011**	**4,221,397**
	Less: Provision for Bad Debt	-	-
	Total Other Debtors	**3,429,011**	**4,221,397**

The fair value of trade and other receivables approximate their carrying value.

15.2	**Recoverable Expenditure - Fraudulent Transactions**		
	Recoverable unauthorised expenditure	447,034	901,033
	Less: Amounts recovered	-	(453,999)
	Less: Written off by Council Resolution	-	-
	Total Recoverable Expenditure - Fraudulent Transactions	**447,034**	**447,034**

Fraudulent transactions to the total value of R1,978,497-72 have been discovered in August 2006 after a proper investigation was completed by SHAG Forensics (Pty).

The outstanding amount of R447 034 will be recovered from the pensionfund of the officer involved as soon as all the tax regulations are met.

15.3 Property Rates

15.3.1	**Property Rates: Ageing**		
	Current (0 – 30 days)	13,288	-
	31 – 60 Days	27,770	-
	61 – 90 Days	8,778	-
	91 – 120 Days	59,991	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R

15.3.2 Summary of Debtors by Property Rates Classification

30 June 2010	**Residential**	**Government**	**Business**	**Agricultural**
Current (0 – 30 days)	-	173	845	12,270
31 – 60 Days	-	90	6,637	21,043
61 – 90 Days	-	96	52	8,630
91 – 120 and more	-	819	348	58,824
Sub-total	**-**	**1,178**	**7,882**	**100,767**
Less: Provision for bad debts	-	-	-	-
TOTAL PROPERTY RATES DEBTORS	**-**	**1,178**	**7,882**	**100,767**

30 June 2009	**Residential**	**Government**	**Business**	**Agricultural**
Current (0 – 30 days)	-	-	-	-
31 – 60 Days	-	-	-	-
61 – 90 Days	-	-	-	-
91 – 120 and more	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**
Less: Provision for bad debts	-	-	-	-
TOTAL PROPERTY RATES DEBTORS	**-**	**-**	**-**	**-**

15.4 Reconciliation of the Total doubtful debt provision

Balance at beginning of the year	-	-
Contributions to provision	-	-
Doubtful debts written off against provision	-	-
Balance at end of year	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
16	**INVENTORY**	**273,545**	**-**
	Consumable Stores - Stationery and materials - At cost	273,545	-
	Maintenance Materials - At cost	-	-
	Water – at cost	-	-
	Spare Parts - At cost	-	-
	Total Inventory	**273,545**	**-**
	Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
	Consumable stores materials surplusses identified during the annual stores counts.	-	-
	Inventory recognised as an expense during the year	-	-
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note		
	Since the previous reporting date the following inventories were measured in accordance with GRAP 12 and restated retrospectively:		
	Water	-	-
	Land held for sale	-	-
	Other (list).	-	-
		-	-
17	**CASH AND CASH EQUIVALENTS**		
	Assets		
17.1	Call Investment Deposits	65,300,000	70,100,000
17.2	Primary Bank Account	564,008	203,089
17.3	Cash	3,300	3,300
	Total Cash and Cash Equivalents - Assets	**65,867,308**	**70,306,389**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
17.1	**Call Investment Deposits**	**65,300,000**	**70,100,000**
	Short Term Investments	**62,500,000**	**68,000,000**
	Absa Bank	33,000,000	15,000,000
	First Rand	-	10,500,000
	Nedcor	24,500,000	27,500,000
	Standard Bank	5,000,000	15,000,000
	Term Deposits	**2,800,000**	**2,100,000**
	Absa Bank [Collateral]	500,000	500,000
	Standard Bank [Leave Provision]	2,300,000	1,600,000

Council provide collateral security for housing loans issued by commercial banks in favour of certain of Council's personnel. This security is provided by a block investment of R500,000 ceded to ABSA against which the bank issues letters of guarantee to the home loan financing institutions. There are no current obligation registered aganst the investment.

Trading and available-for-sale investments are subsequently carried at fair value. Average interest rate on investments in respect of the financial year under review reflects on 6.95%.

The Municipality has the following bank accounts: -

17.2	**Current Account (Primary Bank Account)**		
	ABSA Bank Kimberley (Central Business District)		
	Account Number 940 000 327		
	Cash book balance at end of year	**564,008**	**203,089**
17.3	**Petty Cash & Floats**	**3,300**	**3,300**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
18	**PROPERTY RATES**		
18.1	**Actual**		
18.1.1	Residential	1,842	
18.1.2	Agriculture	177,489	-
18.1.3	Commercial	7,803	-
18.1.4	Government	1,359	-
18.1.5	Industrial	9,360	-
	Total Assesment Rates	**197,853**	**-**
18.1.1	**Residential property**		
	Number of Properties valued at < R15 000	34	-
	Number of properties valued at > R15 000	1	-
	Number of Properties	**35**	**-**
	Total valuation of properties	2,148,400	-
	Less: Valuation of properties exempted from paying rates	87,000	-
	Less: Rebate on properties valued more than R15 000	15,000	-
	Value of ratable prperties	**2,046,400**	**-**
	Tariff imposed on residential properties	0.003600	
	Revenue for resitential properties	7,367	-
	Less: Rebate percentage	75%	-
	Rebtae	5,525	-
	Revenue	**1,842**	**-**
18.1.2	**Agriculture**		
	Number of Properties valued at < R15 000	73	-
	Number of properties valued at > R15 000	568	-
	Number of Properties	**641**	**-**
	Total valuation of properties	797,386,100	-
	Less: Valuation of properties exempted from paying rates	196,000	-
	Less: Rebate on properties valued more than R15 000	8,520,000	-
	Value of ratable prperties	**788,670,100**	**-**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
	Tariff imposed on agriculture properties	0.000900	
	Revenue for resitential properties	709,803	-
	Less: Rebate percentage	75%	-
	Rebtae	532,314	-
	Revenue	**177,489**	**-**
18.1.3	**Commercial**		
	Number of Properties valued at < R15 000	-	-
	Number of properties valued at > R15 000	4	-
	Number of Properties	**4**	**-**
	Total valuation of properties	13,534,900	-
	Less: Valuation of properties exempted from paying rates	-	-
	Less: Rebate on properties valued more than R15 000	60,000	-
	Value of ratable prperties	**13,474,900**	**-**
	Tariff imposed on commercial properties	0.000900	
	Revenue for resitential properties	12,127	-
	Less: Rebate percentage	75%	-
	Rebtae	9,509	-
	Revenue	**2,619**	**-**
	Commercial		
	Number of Properties valued at < R15 000	-	-
	Number of properties valued at > R15 000	4	-
	Number of Properties	**4**	**-**
	Total valuation of properties	5,820,500	-
	Less: Valuation of properties exempted from paying rates	-	-
	Less: Rebate on properties valued more than R15 000	60,000	-
	Value of ratable prperties	**5,760,500**	**-**
	Tariff imposed on commercial properties	0.003600	
	Revenue for resitential properties	20,738	-
	Less: Rebate percentage	75%	-
	Rebtae	15,553	-
	Revenue	**5,184**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
18.1.4	**Government**		
	Number of Properties valued at < R15 000	-	-
	Number of properties valued at > R15 000	1	-
	Number of Properties	**1**	**-**
	Total valuation of properties	4,424,900	-
	Less: Valuation of properties exempted from paying rates	-	-
	Less: Rebate on properties valued more than R15 000	15,000	-
	Value of ratable prperties	**4,409,900**	**-**
	Tariff imposed on government properties	0.000900	
	Revenue for resitential properties	3,969	-
	Less: Rebate percentage	75%	-
	Rebtae	2,610	-
	Revenue	**1,359**	**-**
18.1.5	**Industrial**		
	Number of Properties valued at < R15 000	-	-
	Number of properties valued at > R15 000	1	-
	Number of Properties	**1**	**-**
	Total valuation of properties	10,415,300	-
	Less: Valuation of properties exempted from paying rates	-	-
	Less: Rebate on properties valued more than R15 000	15,000	-
	Value of ratable prperties	**10,400,300**	**-**
	Tariff imposed on industrial properties	0.003600	
	Revenue for resitential properties	37,441	-
	Less: Rebate percentage	75%	-
	Rebtae	28,081	-
	Revenue	**9,360**	**-**
	Summary of Property Rates		
	Total Number of Properties valued at < R15 000	107	-
	Total Number of properties valued at > R15 000	579	-
	Total Number of Properties	**686**	**-**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Total valuation of properties	833,730,100	-
Less: Valuation of properties exempted from paying rates	283,000	-
Less: Rebate on properties valued more than R15 000	8,685,000	-
Value of ratable prperties	**824,762,100**	**-**

Property rates were introduced in the District Management Area for the first time from July 2009 in terms of the Municipal Property Rates Act (No 6 of 2004) . The levies for property rates will be phased in over a four year period that implies a rebate of 75% in 2009 / 10, 50% in 2010 / 2011, 25% in 2011 / 2012.

The tariff applicable for 2009 / 10 is 25 % of R0.0009 (R0.000225)

The first R 15 000.00 of all properties are exempted from payment of property rates.

19	**SERVICE CHARGES**		
	Sale of water	12,550	15,815
	Total Service Charges	**12,550**	**15,815**
20	**TRANSFER REVENUE**		
20.1	**Regional Service Levy Replacement Grant**	**56,927,000**	**53,321,000**
	Regional Service Levy Replacement Grant	56,927,000	53,321,000
20.2	**Government Grants & Subsidies**	**26,418,642**	**23,028,179**
	Equitable Share	10,980,018	8,926,060
	Financial Management Grant	750,000	500,000
	Municipal Systems Improvement Grant	2,167,462	1,580,764
	DWA - Sanitation (Mvula Trust)	1,916,584	2,973,143
	NC Tourism - Contribution Tourism Month	50,000	50,000
	Department of Transport: Expanded Works Program	-	941,171
	District Aids Council	18,810	4,127
	NEAR Control Centre	797,938	486,062
	NCPA - Housing Accreditation Grant	1,550,172	1,391,224
	NCPA Firefighting Equipment	613,572	245,358
	NCPA - Recycling projects	118,409	-
	NCPA - Eradication of Bucket System	104,182	1,376,264

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
	MIG - Projects	6,936,404	1,575,435
	NCPA - O & M Electricity Grant	-	28,045
	SETA - Skills Grant	117,667	174,950
	Environmental Health	96,000	92,000
	DWA: Backlogs in Water & Sanitation at Clinics and Schools	201,424	2,683,576
20.3	**Public Contributions**	**-**	**486,902**
	Koopmansfontein self build scheme	-	486,902
	Nedbank special projects	-	-
	Total Tranfer Revenue	**83,345,642**	**76,836,081**

The unspent portions of the conditional grants are treated as current liabilities and disclosed per Note 5 above.
Only the actual expenditure amounts are transferred to the relevant operating statement to cover the expenditure incurred in terms of the grant conditions.

21	**OTHER INCOME**		
	Commission: Insurance Payments	7,306	6,561
	Salary allocation to Roads Agency (30%) - Director Technical Services	236,750	212,657
	Cost Recovery - Private usage of Pool Vehicles (IEC)	661	18,844
	Adjustment of Bad Debts	654	-
	Cemetery Fees	100	200
	Private telephone calls / photo copies	267	53,854
	Administration cost - DPI recovery	-	25,166
	Recoverable cost - Salaries	53,924	2,940
	Post Service Medical Aid	-	5,387
	Sundry Debtors	-	28,199
	Grader Operating Cost Recovered	-	92,820
	Koopmansfontein Electricity	-	10,816
	Sanlam Shares	6,218	-
	Increase in fair value Suid Wes Koop	5,814	-
	Dividents Received	283	953
	Other	59,906	358
	Total Other Income	**371,883**	**458,755**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
22 EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	20,757,404	15,762,105
Employee related costs – Contributions for UIF, pensions and medical aids	3,924,398	4,218,273
Motor car and other allowances	1,881,156	2,138,708
Housing benefits and allowances	535,618	416,491
Compulsory cost:- Skills Levy; Workmens Compensation; Industrial Council Contributions	525,499	398,193
Decrease in Provision for Post Retirement Health Benefits	-	(7,501)
Decrease in Provision for Long Service Awards	-	(905,085)
Decrease in Provision for Ex-Gratia Pension Payments	-	(62,410)
Group Insurance	167,600	134,104
Performance bonus	484,512	586,791
Total Employee Related Costs	**28,276,188**	**22,679,670**

Social contributions:

Council makes defined contributions to several pension funds in the following proportions:

	Employer %	Employee %
Cape Joint Pension Fund	18,00	9,00
Cape Joint Retirement Fund	18,00	9,00
SAMWU National Pension Fund	18,00	9,00
Pension Fund for Municipal Councillors	15,00	13,75

Remuneration of the Municipal Manager

Annual Remuneration (Total cost to Employer)	941,206	845,420
Performance Bonuses	184,876	-
Total	**1,126,082**	**845,420**

Actual performance bonuses includes payments for the 2007 / 08 and 2008 / 09 respectively.

Remuneration of the Chief Finance Officer

Annual Remuneration (Total cost to Employer)	775,526	662,314
Performance Bonuses	131,424	-
Total	**906,950**	**662,314**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Remuneration of Executive Director: Administration		
Annual Remuneration (Total cost to Employer)	798,168	699,356
Performance Bonuses (Average cost)	120,645	-
Total	**918,813**	**699,356**

Actual performance bonuses includes payments for the 2007 / 08 and 2008 / 09 respectively.

Remuneration of Executive Director: Infrastructure Services		
Annual Remuneration (Total cost to Employer)	798,168	692,333
Performance Bonuses (Average cost)	127,734	-
Total	**925,902**	**692,333**

Actual performance bonuses includes payments for the 2007 / 08 and 2008 / 09 respectively.

Remuneration of Executive Director: Planning & Development		
Annual Remuneration (Total cost to Employer)	798,168	717,605
Performance Bonuses (Average cost)	92,151	-
Total	**890,319**	**717,605**

23 REMUNERATION OF COUNCILLORS

Executive Mayor	576,275	538,575
Speaker	288,143	269,290
Mayoral Committee Members	1,746,817	1,632,759
Councillors	1,474,006	1,311,320
Councillors' pension contribution	99,245	108,200
Other Obligatory Contributions (Skills Levy,etc.)	59,981	48,167
Total Councillors' Remuneration	**4,244,467**	**3,908,311**

In-kind Benefits

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R

The Executive Mayor and Speaker are full time.
Each is provided with a cell phone, office and secretarial support at cost of council. (Cell phone benefit does not exceed the limits as determined by the Remuneration of Public Office Bearers Act)

The Executive Mayor makes use of a Council owned vehicle for ceremonial duties.

24	**FINANCE CHARGES**		
	External Loans	1,084,027	-
	Finance Leases	35,007	-
	Bank Overdrafts	-	-
	Total Interest on External Borrowings	**1,119,034**	**-**

Interest on external loan to the amount of R380 091 was capitalised in terms of GRAP 17 to the project for the building of Council Chambers & Offices.

25	**BULK PURCHASES**		
	Water	10,367	12,946
	Total Bulk Purchases	**10,367**	**12,946**
26	**GRANTS AND SUBSIDIES PAID TO OTHER MUNICIPALITIES**		
26.1	**Dikgatlong Municipality**	**8,356,414**	**7,712,665**
	Streets & Storm Water	1,317,065	795,982
	Sanitation	-	1,940,199
	Water	5,175,589	1,032,737
	Development of erven	-	224,000
	Electricity	-	1,914,836
	Maintenance Projects	1,863,760	1,804,912
26.2	**Magareng Municipality**	**2,328,241**	**6,422,354**
	Water	321,232	1,674,781
	Sanitation	-	700,000
	Streets & Storm Water	-	2,192,456
	Development of erven	-	678,086
	Electricity	-	28,045
	Maintenance Projects	2,007,009	1,148,986

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
26.3	**Phokwane Municipality**	**7,036,369**	**3,761,761**
	Sanitation	4,860,056	2,233,371
	Development of erven	-	-
	Other Infrastructure Projects	175,874	-
	Maintenance Projects	2,000,439	1,528,390
26.4	**Sol Plaatje Municipality**	**5,011,525**	**4,049,366**
	Sanitation	-	1,115,683
	Water	3,498,492	1,202,953
	Streets & Storm water	-	198,554
	Other Infrastructure Projects	-	-
	Maintenance Projects	1,513,033	1,532,176
26.5	**District Management Areas**	**2,872,752**	**4,293,638**
	Cemeteries	99,750	1,920
	Other Infrastructure Projects	124,290	513,979
	Housing	472,664	-
	Water	43,912	290,159
	Sanitation	210,713	3,174,009
	Streets & Storm water	1,923	-
	Fencing	999,749	-
	Maintenance Projects	919,751	313,571
	Summary of infrastructure grants paid to other municipalities	**25,605,302**	**26,239,784**
	Dikgatlong Municipality	8,356,414	7,712,665
	Magareng Municipality	2,328,241	6,422,354
	Phokwane Municipality	7,036,369	3,761,761
	Sol Plaatje Municipality	5,011,525	4,049,366
	District Management Areas	2,872,752	4,293,638

Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
27	**OTHER GRANTS PAID & SPECIAL PROJECTS**		
27.1	**Grants paid to other organs of state**	**135,000**	**132,366**
	Northern Cape Tourism Authority	135,000	132,366
27.2	**Other special projects**	**16,050,465**	**12,662,144**
	Council - Special Projects in the Office of the Mayor and Speaker	930,995	996,883
	Municipal Manager - Support to Magareng	3,311,363	945,298
	Communications - Communication Projects	629,111	244,596
	Implementation of New Financial System	5,201,757	5,391,801
	FMG Development	496,219	32,000
	Employee assistance program	24,799	35,146
	Tourism Projects	1,521,144	664,947
	IDP Development	16,972	22,892
	Municipal Systems Improvement Projects	2,167,462	1,580,764
	Local Economic Development	714,281	1,543,675
	Environmental Health Projects	240,882	183,630
	Community Development	50,269	465,208
	Disaster Management	736,737	547,716
	Housing Awareness	8,475	7,590
	Summary of Grants and Subsidies Paid		
	Grants and subsidies paid to other municipalities (Note 26)	25,605,302	26,239,784
	Grants paid to other organs of state (Note 27)	135,000	132,366
	Other special projects (Note 27)	16,050,465	12,662,144
	Total Grants and Subsidies	**41,790,767**	**39,034,294**
28	**GENERAL EXPENDITURE**		
	Accommodation	585,790	824,441
	Audit Fees	1,028,497	-
	Bank Charges	53,387	52,539
	Books, Printing & Stationery	374,729	361,487
	Cellphones	28,825	91,278
	Cleaning Materials	27,871	29,126
	Conferences and Seminars	160,831	515,011

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
31 CASH GENERATED BY OPERATIONS		
Surplus for the year	3,587,388	7,665,325
Adjustment for:-		
Depreciation	2,956,846	1,639,363
Gain on disposal of property, plant and equipment	(372,000)	(7,876)
Contribution to provisions – non-current		(974,996)
Contribution to provisions – current	304,333	-
Contribution to bad debt provision	-	(13,559)
Investment income	(5,880,677)	(9,138,607)
Other non-cash activities	(19,552)	303,196
Interest paid	1,119,034	-
Operating surplus before working capital changes:	***1,695,372***	***(527,153)***
(Increase) / Decrease in Inventories	(273,545)	-
(Increase) / Decrease in Receivables	609	(780)
(Increase) / Decrease in Other Receivables	682,557	8,045
(Decrease) / Increase in Conditional Grants and Receipts	(1,407,104)	(4,719,839)
(Decrease) / Increase in Payables	31,535	4,456,452
(Decrease) / Increase in Provisions	(724,858)	1,809,713
Increase in VAT	683,818	357,001
Cash generated by operations	***688,385***	***1,383,439***

32 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
29	**CORRECTION OF ERROR**		
29.1	During the year ended on 30 June 2008, a grant received from the Department of Roads and Public Works were erroneously recognised as roads subsidy.		
	The comparitive amount has been restated as follows		
	Correction of outstanding debtors (Agency Loan Account)	-	727,572
	Correction of unspent grants and subsidies	-	743,228
	Effect on surplus / (deficit) for the year	**-**	**(15,656)**
	Refer to Note 5.1.24		
29.2	The Presidency financed the NSDP Alignment Project for Intergovernmental Cooperation. The expenditure accrued during the 2008 financial yar but the funds was received in the 2009 financial year.		
	The comparitive amount has been restated as follows		
		-	
	Correction of conditional grants received	-	94,848
	Effect on surplus / (deficit) for the year	**-**	**94,848**
29.3	Registration fees was paid at 30 June 2008 for training of staff. The service has not been rendered at 30 June 2009.		
	The comparitive amount has been restated as follows		
	Correction of debtors	-	52,632
	Effect on surplus / (deficit) for the year	**-**	**52,632**
	Net effect of Correction of Errors on the surplus / deficit for the year	**-**	**131,823**

30 CHANGE IN ACCOUNTING POLICY

No adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
31 CASH GENERATED BY OPERATIONS		
Surplus for the year	3,587,388	7,665,325
Adjustment for:-		
Depreciation	2,956,846	1,639,363
Gain on disposal of property, plant and equipment	(372,000)	(7,876)
Contribution to provisions – non-current		(974,996)
Contribution to provisions – current	304,333	-
Contribution to bad debt provision	-	(13,559)
Investment income	(5,880,677)	(9,138,607)
Other non-cash activities	(19,552)	303,196
Interest paid	1,119,034	-
Operating surplus before working capital changes:	***1,695,372***	***(527,153)***
(Increase) / Decrease in Inventories	(273,545)	-
(Increase) / Decrease in Receivables	609	(780)
(Increase) / Decrease in Other Receivables	682,557	8,045
(Decrease) / Increase in Conditional Grants and Receipts	(1,407,104)	(4,719,839)
(Decrease) / Increase in Payables	31,535	4,456,452
(Decrease) / Increase in Provisions	(724,858)	1,809,713
Increase in VAT	683,818	357,001
Cash generated by operations	***688,385***	***1,383,439***

32 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 17.1	65,300,000	70,100,000
Cash Floats - Note 17.3	3,300	3,300
Bank - Note 17.2	564,008	203,089
Total cash and cash equivalents	**65,867,308**	**70,306,389**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
33 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 32	65,867,308	70,306,389
	65,867,308	**70,306,389**
Less:	**6,544,350**	**7,951,454**
Unspent Committed Conditional Grants - Note 5	**6,544,350**	**7,951,454**
Secured Investments	-	-
Net cash resources available for internal distribution	**59,322,958**	**62,354,935**
Allocated to:		
Capital Replacement Reserve	3,652,491	10,943,550
Employee Benefits	18,937,790	20,046,240
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Roll Reserve	-	-
Resources available for woking capital requirements	**36,732,677**	**31,365,145**
34 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 1	14,136,733	15,000,000
Used to finance property, plant and equipment - at cost	(14,136,733)	(15,000,000)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.21 % and 17.82 % and will be repaid by 2028

35 BUDGET COMPARISONS

35.1 OPERATIONAL

30 June 2010

	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus Budget
Revenue by source					
Property Rates - DMA	197,853	108,400	89,453	83%	Under budget
Property rates - penalties imposed and collection charges	2,061	-	2,061	100%	Deviation not significant
Regional Service Levy Replacement Grant	56,927,000	56,927,000	0	0%	Deviation not significant
Government grants and subsidies	26,418,642	37,913,070	(11,494,428)	-30%	R 2, 512,000.00 was bugeted for Expanded Works Program that was not paid out. R6 122 000 rolled over to 2010 / 11
Actuarial Gains	2,867,566	-	2,867,566	100%	Phase in of personnel benefits according to GRAP standards
Service charges	12,550	14,000	(1,450)	-10%	Deviation not significant
Rental of facilities and equipment	42,701	36,000	6,701	19%	Under Budget
Interest earned - external investments	5,880,677	7,780,000	(1,899,323)	-24%	Decrease in interest rates to lower levels than expected
Income for agency services	742,358	715,000	27,358	4%	Deviation not significant
Other income	371,883	725,540	(353,657)	-49%	Over Budget
Gains on disposal of property, plant and equipment	372,000	372,000	0	0%	Deviation not significant
Total Revenue	**93,835,290**	**104,591,010**	**(10,755,720)**	**-11%**	
Expenditure by nature					
Employee related costs	28,276,188	29,394,810	(1,118,622)	-4%	
Remuneration of Councilors	4,244,467	4,344,290	(99,823)	-2%	
Bad debts	21,558	2,000	19,558	978%	Amount Insignificant and unforeseen circumstances
Depreciation	2,956,846	2,879,720	77,126	3%	Deviation not significant
Actuarial Losses	176,834	-	176,834	100%	Phase in of personnel benefits according to GRAP standards
Repairs and maintenance	1,172,759	2,264,170	(1,091,411)	-48%	Actual expenditure less than expected due to proper mantanance of assets. Roll over of R185 000 by technica sevices
Finance Charges - Employee Benefits	2,295,803	-	2,295,803	100%	Phase in of personnel benefits according to GRAP standards
Finance Charges	1,119,034	1,652,600	(533,566)	-32%	Building of Council Chambers completed later than expected. R550 972 interest capitalised
Bulk purchases	10,367	18,580	(8,213)	-44%	Amount not significant
Contracted services	1,483,581	4,329,430	(2,845,849)	-66%	Reduction in Legal Fees and over budget for service
Grants and subsidies paid	41,790,767	63,838,570	(22,047,803)	-35%	EWP expenditure of R2,5m did not realise. Special projets of 6,5m rolled over. Project for water & sanitation a schools withdrawn.
General expenses	6,544,747	7,365,705	(820,958)	-11%	Deviation not significant
Loss on disposal of Property, Plant & Equipment	154,952	-	154,952	100%	Under Budget
Total Expenditure	**90,247,902**	**116,089,875**	**(23,805,634)**	**-26%**	
Expenditure by vote					
Executive and Council	17,576,669	20,416,085	(2,839,416)	-14%	Expenditure on Special Projects and Legal Fees less than expected
Finance & Admin	27,296,512	27,301,820	(5,308)	0%	Deviation not significant
Planning & Development	38,429,553	59,930,814	(21,501,261)	-36%	Under spending on LED projects, roll overs on allocations to category B municipalities and projects withdrawn
Health	2,203,681	2,367,810	(164,129)	-7%	Deviation not significant
Community & Social Services	399,477	522,780	(123,303)	-24%	Position of Community Development Officer vacant resulted in slow expenditure
Housing	1,875,153	1,925,780	(50,627)	-3%	Expenditure limited to revenue received
Public Safety	2,435,139	3,543,156	(1,108,017)	-31%	Under spending due to vacancies and underspending of emergency funds
Water	22,836	44,870	(22,034)	-49%	Amount not significant
Electricity	8,741	12,780	(4,039)	-32%	Amount not significant
Refuse removal	142	12,470	(12,328)	-99%	Service not implemented
Sanitation Services	-	11,510	(11,510)	-100%	Service not implemented
Total Expenditure	**90,247,902**	**116,089,875**	**-25,841,973**	**-22%**	

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

30 June 2009

	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus Budget
Revenue by source					
Transfer Revenue	76,836,081	73,909,515	2,926,566	4%	Amount not significant
Actuarial Gains	406,012		406,012	100%	The amount resulted with implementation of provision for long term employee benefit
Service charges	15,815	17,000	(1,185)	-7%	Deviation not significant
Rental of facilities and equipment	45,313	36,000	9,313	21%	Under budgeted
Interest earned - external investments	9,138,607	7,780,000	1,358,607	15%	Under budgeted
Income for agency services	781,111	715,000	66,111	8%	Deviation not significant
Other income	460,005	220,000	240,005	52%	Under budgeted
Gains on disposal of property, plant and equipment	7,876	-	7,876	100%	Amount not significant
Total Revenue	**87,690,820**	**82,677,515**	**5,013,305**	**5.7%**	
Expenditure by nature					
Executive and Council	16,158,118	18,334,320	(2,176,202)	-13%	Deviation in the areas of consultancy, councilor training, legal services, incentive bonus and operationa expenditure budgeted for the establishment of the youth unit.
Finance & Admin	20,111,658	22,126,925	(2,015,267)	-10%	Deviation in the areas of consultancy and filling of posts according to the organogram.
Planning & Development	38,315,337	41,778,262	(3,462,925)	-9%	Deviation not significant
Health	1,415,317	1,657,670	(242,353)	-17%	Deviation as a result of vacant posts not filled accordingly.
Community & Social Services	749,402	881,750	(132,348)	-18%	Deviation as a result of special projects not fully implemented.
Housing	1,394,000	1,858,990	(464,990)	-33%	Expenditure of the housing unit is limited to the actual revenue received year-to-date
Public Safety	1,843,984	2,155,815	(311,831)	-17%	Deviation in the areas of consultancy and filling of posts according to the organogram.
Water	28,989	51,715	(22,726)	-78%	Variances based on actual expenditure trends are due to general expenses not utilised
Electricity	8,690	13,200	(4,510)	-52%	Variances based on actual expenditure trends are due to general expenses not utilised
Total Expenditure	**80,025,495**	**88,858,647**	**(8,833,152)**	**-11%**	

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

35.2 CAPITAL

30 June 2010

	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus budget
COMMUNITY ASSETS					
Land & Buildings	45,000		45,000.00	0%	As approved by council
Security Measures	169,565	-	169,565	100%	Budgeted under other assets and additional approvals by council
Total: Community Assets	**214,565**	**-**	**214565**	**100%**	
HERITAGE ASSETS					
Statues	35,529	35,530	(1)	0%	Deviation not significant
	35,529	35,530	(1)	**0%**	
OTHER ASSETS					
Land & Buildings	5,505,419	6,965,680	(1,460,261)	-21%	Expenditure as approved by council and wrong classification in budge
Office Equipment	2,302,095	115,300	2,186,795	1897%	Wrong classification in budget and expenditure as per council resolution
Furniture & Fittings	912,280	301,340	610,940	203%	Wrong classification in budget and expenditure as per council resolution
Plant & Machinery	24,790	222,010	(197,220)	-89%	Wrong classification in budget
Emergency Equipment	75,567	-	75,567	100%	Expenditure under community asset
Motor Vehicle	678,680	680,000	(1,320)	0%	Deviation not significant
Land Fill Sites	-	-	-	0%	Deviation not significant
Computer Equipment	617,610	782,690	(165,080)	-21%	Over budget for IT Equipment. Acquisitions not realised due to vacancies
Total Other Assets	**10,116,441**	**9,067,020**	**1,049,421**	**10%**	
TOTAL ASSETS	**10,366,535**	**9,102,550**	**1263986**	**12%**	

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

30 June 2009

	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus budget
COMMUNITY ASSETS					
Land & Buildings	-	30,000	-30,000.00	-100.00%	Cemetery at Olierivier not established
Security Measures	247,894	255,000	(7,106)	-2.87%	Deviation not significant
Total: Community Assets	**247,894**	**285,000**	**(37,106)**	100.00%	
HERITAGE ASSETS					
Statues	591,898	600,000	(8,102)	-1.37%	Amount not significant
	591,898	600,000	(8,102)	-1.37%	
OTHER ASSETS					
Land & Buildings	19,193,092	24,700,000	(5,506,908)	-28.69%	Uncompleted portion rolled to next financial year
Office Equipment	42,126	11,380	30,746	72.99%	Amount previously budgeted under office equipment transferred to furniture & fitting
Furniture & Fittings	671,336	1,066,000	(394,664)	-58.79%	Acquisition of equipment for new council chambers rolled over to next financial yea
Plant & Machinery	1,526,330	1,692,520	(166,190)	-10.89%	Deviation not significant
Emergency Equipment	10,875	20,000	(9,125)	-83.91%	Amount not significant
Motor Vehicle	-	-	-	-	
Land Fill Sites	3,200	-	3,200	100.00%	As approved by Council
Computer Equipment	836,390	914,505	(78,115)	-9.34%	Deviation not significant
Total Other Assets	**22,283,349**	**28,404,405**	0 **(6,121,056)**	**-27.47%**	
TOTAL ASSETS	**23,123,140**	**29,289,405**	**(6,158,162)**	**-26.63%**	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
36	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
36.1	**Unauthorised expenditure**		
	Reconciliation of unauthorized expenditure		
	Opening balance	447,035	901,033
	Unauthorised expenditure current year	10,116	-
	Recovered amounts	-	(453,999)
	Approved by Council or condoned	(10,116)	-
	Transfer to receivables for recovery (Note 8.2)	-	-
	Unauthorised expenditure awaiting authorisation	***447,035***	***447,035***

The Accountant Expenditure involved was found guilty in terms of an internal disciplinary hearing and dismissed on 6 December 2006. The outstanding amount of R447 035 will be recovered from the pension fund as soon as all income tax requirements are met.

36.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	-	1,113
	Fruitless and wasteful expenditure current year	26,716	7,384
	Condoned or written off by Council	(22,750)	(4,342)
	Recovered	-	(4,156)
	To be recovered – contingent asset	-	-
			-
	Fruitless and wasteful expenditure awaiting condonement	**3,966**	**-**

36.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure		
	Opening balance	-	-
	Unauthorised expenditure current year	208,315	-
	Approved by Council or condoned	(208,315)	-
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting authorisation	**-**	**-**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
36.4	**Material Losses**		
	Electricity distribution losses		
	Units purchased (Kwh)	-	-
	- Units lost during distribution (Kwh)	-	-
	- Percentage lost during distribution	-	-
	Water distribution losses		
	- Mega liters purified	-	-
	- Mega liters lost during distribution	-	-
	- Percentage lost during distribution	-	-
37	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
37.1	**Contributions to organized local government**		
	Opening balance	-	-
	Council subscriptions	202,939	126,815
	Amount paid – current year	(202,939)	(126,815)
	Amount paid – previous years	-	-
	Balance unpaid (included in creditors)	-	-
37.2	**Audit fees**		
	Opening balance	-	-
	Current year audit fee	1,028,497	580,721
	Amount paid – current year	(1,028,497)	(580,721)
	Amount paid – previous years	-	-
	Balance unpaid (included in creditors)	-	-
37.3	**PAYE and UIF**		
	Opening balance	(488)	-
	Current year payroll deductions	5,166,870	4,050,722
	Amount paid – current year	(5,165,433)	(4,051,209)
	Amount paid – previous years	488	-
	Balance unpaid (included in creditors)	*1,438*	*(488)*
37.4	**Pension and Medical Aid Deductions**		
	Opening balance	-	(17)
	Current year payroll deductions and Council Contributions	7,204,730	6,432,595
	Amount paid – current year	(7,204,730)	(6,432,562)
	Amount paid – previous years	-	(17)

	2010 R	2009 R
Balance unpaid (included in creditors)	-	-

37.5 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Supply Chain Management Policy has been amended and adopted by Council with an effective date of 1st January 2008 for implementation..

The following deviations were allowed in terms of the Supply Chain Policy for the year under review.

Supplier	Service	Amount
2010		
Business Connection	E Venus Server	537,353
Opton Geomatics	GPS for GIS project	45,600
Bed Shop	Displaced persons at Dikgatlong Municipality	16,150
Etarnalcity	Displaced persons at Dikgatlong Municipality	710
Valudata	Valuation Roll for Magareng Municipality 2009 - 2010	124,283
Business Connection	ICT investigation & evaluation project	47,880
Mubesco Africa	Preparation of action plans - operation clean audit	207,138
Arch Actaial Consulting CC	Actuarial services for FBDM	34,428
Blasting Quality	Provision of blasting services for Koopmansfontein graves	113,715
Tourism Blueprint CC	Re-design & printing of 15000 FBDM travel guides	107,274
Trolley Scan (PTY) LTD	Notebook Management System	157,548
Total		**1,392,079**

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
2009			
Anton Momberg	Statue	565,733	
PAC Pumps	Repair of two windmill & pipes	114,764	
Icentrics PSS	Blue Print Management system licences	191,221	
Icentrics PSS	Procurement of a management programme	240,221	
Donavon Johnson	Hiring of PA System	15,000	
Softline VIP	VIP Report	11,068	
Softline VIP	Employee self service	14,442	
Japson Hardware	Building Material	10,918	
Katz Roof & Bricks	Building Material	17,271	
Molatsi Outdoor Advertising	Advertisement	20,000	
Swift Print	Printing of external news paper	18,419	
Mojalefa Trading	Security cameras	58,223	
Zolezema Trading	Voter education	115,000	
SBH Development	Voter education	186,000	
FCSA Organisation Service	Training	21,603	
Biztech Trading	Training	28,220	
FCSA Organisation Service	Training	43,120	
Tatichain Technologies	Asset software	186,525	
SA Water Supplies	Asset software	220,615	
Total		**2,078,361**	

37.6 Non-Compliance - Section 125(2) (e) of the Municipal Finance Management Act

No matters to report

38 CAPITAL COMMITMENTS

	2010 R	2009 R
Commitments in respect of capital expenditure		
Approved and contracted for	**-**	**6,248,000**
Other Assets	-	6,195,000
Community	-	-
Heritage	-	53,000

	2010 R	2009 R
Approved and not yet contracted for	**2,987,600**	**-**
Other Assets	2,987,600	-
Community	-	-
Heritage	-	-
The expenditure will be financed from		
External Borrowings	-	-
Internal Funding (Own Resources)	2,987,600	6,248,000
	2,987,600	***6,248,000***

39 CONTINGENT LIABILITIES

39.1 *Implementation of Task*

According to the Office Bearers Act, a district municipality will be rated at the highest level at which the local municipalities in its DMA are rated. FBDM is therefore rated at Grade 4. However, with the implementation of Task by SALGA, the municipality has been rated at Grade 2. A dispute has been declared, the outcome of which is still pending. The implication of the regrading is:

Should the appeal be succesful, i.e. a higher grading, a salary increase is envisaged.

.Should the appeal not succeed, the status quo remains.

39.2 *Additional Building Cost*

Contractors for the building of the Council Chamber, have indicated that there are additional costs that may be claimed from Council.

40 FINANCIAL RISK MANAGEMENT

The activities of the District Municipality exposed it to a variety of financial risks, including market risk (comprising currency risk,fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The District Municipality's risks are:

40.1 Foreign Exchange Currency Risk:

The District Municipality does not engage in foreign currency transactions.

40.2 Price Risk

The municipality is not exposed to price risk.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R

40.3 Interest Rate Risk:

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continous basis. Different scenarious are simulated which include refinancing, renewal of current positions,

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% (2009 - 0.5%) Increase in interest rates	*253,076*
0.5% (2009 - 0.5%) Decrease in interest rates	*(253,076)*

40.3 Credit Risk:

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and

All rates and services are payable within 30 days from invoice date. Refer to note for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2010 %	2010 R	2009 %	2009 R
Water	-	-	100%	654
Rates	-	-	-	-
	-	-	100%	654

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to

Financial assets exposed to credit risk at year end are as follows:

	2010 R	2009 R
Investments	*17,754*	*5,722*
Borrowings	*15,266,597*	*15,000,000*
Current Portion of Borrowings	*1,129,864*	-
Long Term Receivables	-	-
Trade receivables from exchange transactions	*491*	*1,100*
Other receivables from non-exchange transactions	*3,985,873*	*4,668,430*
Current Portion of Long-term Receivables	-	-
Short-term Investment Deposits	*65,300,000*	*70,100,000*
Bank and Cash Balances	*567,308*	*206,389*
Maximum Credit and Interest Risk Exposures	***86,267,887***	***89,981,641***

40.4 Liquidity Risk:

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts

	Less than 1 year	***Between 1 and 5 years***	***Between 5 and 10 years***	***Over 10 Years***
2010				
Long Term liabilities	***2,859,606***	***13,770,433***	***8,156,741***	***-***
Capital repayments	*1,129,864*	*7,399,011*	*6,737,722*	-
Interest	*1,729,742*	*6,371,422*	*1,419,019*	-
Trade and Other Payables	*6,063,088*	-	-	-
Unspent conditional government grants and receipts	*6,544,350*	-	-	-
	15,467,044	***13,770,433***	***8,156,741***	***-***
2009				
Long Term liabilities	*1,696,425*	*13,594,568*	*10,875,654*	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

			2010 R	2009 R
Capital repayments	-	*6,473,888*	*8,526,112*	-
Interest	*1,696,425*	*7,120,680*	*2,349,543*	-
Trade and Other Payables	*6,031,552*	-	-	-
Unspent conditional government grants and receipts	*7,951,454*	-	-	-
	15,679,431	*13,594,568*	*10,875,654*	-

41 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial sets of the municipality are classified as follows:

Financial Assets	**Classification**		
Investments			
Fixed Deposits	Held to maturity	-	-
Long-term Receivables			
Staff Loans	Loans and Receivables	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Loans and Receivables	491	1,100
Other receivables from non-exchange transactions	Loans and Receivables	3,985,873	4,668,430
Other Debtors			
Payments made in Advance	Loans and Receivables	-	-
Current Portion of Long-term Receivables			
Staff Loans	Loans and Receivables	-	-
Short-term Investment Deposits			
Call Deposits	Held to maturity	65,300,000	70,100,000
Bank Balances and Cash			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
Bank Balances	Held to maturity	564,008	203,089
Cash Floats and Advances	Held to maturity	3,300	3,300

SUMMARY OF FINANCIAL ASSETS

Held to maturity:

Investments	Fixed Deposits	-	-
Short-term Investment Deposits	Call Deposits	65,300,000	70,100,000
Bank Balances		564,008	203,089
Cash Floats and Advances		3,300	3,300
		65,867,308	**70,306,389**

Loans and Receivables

Long-term Receivables	Staff Loans	-	-
Taxation Revenue	Non-Exchange Transactions	197,853	-
Consumer Debtors	Exchange transactions	491	1,100
Consumer Debtors	Non-exchange transactions	3,985,873	4,668,430
Other Debtors	Payments made in advance	-	-
Current Portion of Long-term Receivables	Staff Loans	-	-
		4,184,217	**4,669,530**
Total Financial Assets		**70,051,525**	**74,975,919**

FINANCIAL LIABILITIES

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

Financial liabilities	**Classification**		
Long-term Liabilities			
Annuity Loans	At amortised cost	13,977,511	15,000,000
Capitalised Lease Liability	At amortised cost	159,221	
Provisions		23,765,951	24,490,808
Creditors			

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
Trade creditors	At amortised cost	1,880,343	4,000,606
Payments received in advance	At amortised cost	19,444	16,722
Retentions	Not valued at FVTPL	689,086	696,254
Other creditors	At amortised cost	3,474,214	1,317,970
Unspent Conditional Grants and Receipts			
Other Spheres of Government	At amortised cost	6,544,350	7,951,454
Operating Lease Liability			
Operating Lease Liability	Not valued at FVTPL	-	19,432
Current Portion of Long-term Liabilities			
Annuity Loans	At amortised cost	1,129,864	-
Total Financial Liabilities		**51,639,985**	**53,493,246**

42 EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

43 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

44 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

45 RELATED PARTY TRANSACTIONS

	Rates	Service Charges	Other	Outstanding Balances
45.1 Year ended 30 JUNE 2010				
Councillors	-	47.95	-	-
Municipal Manager and Section 57 Employees	-	-	-	-
Year ended 30 JUNE 2009				
Councillors	-	-	-	
Municipal Manager and Section 57 Employees	-	-	-	

	2010 R	2009 R

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

45.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 12 to the Annual Financial Statements.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R

45.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.

45.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Councillor/Staff Member	Entity	Amount		Amount
A Florence (Executive Mayor)	African Paper Products		R	2,900

45.5 Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in

Refuse tip-sites financed by way of a provision;

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:

Refuse tip-sites financed by way of a provision;	-	-
Post retirement benefits	-	20,046,240
	-	**20,046,240**

GRAP 100 -Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards:

GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2008. The municipality did not recognise all the Investment Properties:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.		
Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:		
Land with undetermined use;	-	-
Land;	-	-
Buildings; and	-	-
Land and Buildings.	-	-
Total not previously recognised now restated retrospectively	-	-
	-	-

GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;
Intangible assets financed by way of finance leases;
Intangible assets transferred as a result of the transfer of functions; and
Servitudes.

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:

Computer software;	-	-
Accumulated amortisation on computer software	-	-
Total not previously recognised now restated retrospectively	-	-
	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R

GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following inventories:

Water;
Land held for sale; and
Other (list).

The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

Since the previous reporting date the following inventories were measured in accordance with GRAP 12 and restated retrospectively:

Water;	-	-
Land held for sale; and	-	-
Other (list).	-	-
	-	-

Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP)

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.

APPENDIX A

FRANCES BAARD DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 01/07/2009	Received during the period	Redeemed written off during the period	Balance at 30/06/2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
LONG-TERM LOANS			R	R	R	R	R	R
Registered Stock Loans			-	-	-	-		
Total Long-Term Loans			-	-	-	-	-	-
ANNUITY LOANS								
DBSA Loan:-								
Frances Baard council Chamber & Offices	103363/1	10 Years	15,000,000	-	-	**15,000,000**		
Total Annuity Loans			**15,000,000**	-	-	**15,000,000**	-	-
GOVERNMENT LOANS			-	-	-	-		
Total Government Loans			-	-	-	-	-	-
LEASE LIABILITY								
Lease Liability			-	**337,110**	**70,513**	**266,597**		
Total Lease Liability			-	**337,110**	**70,513**	**266,597**	-	-
TOTAL EXTERNAL LOANS			**15,000,000**	**337,110**	**70,513**	**15,266,597**	-	-

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APPENDIX B

FRANCES BAARD DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost / Revaluation					Accumulated Depreciation					
	Balance at 01/07/2009	Additions	Under Construction	Disposals	Balance at 30/06/2010	Balance at 01/07/2009	Additions	Disposals	Balance at 30/06/2010	Carrying Value	Budget Additions 2010
COMMUNITY ASSETS											
Land & Buildings	106,676	-	45,000	-	151,676	10,677	3,567	-	14,244	137,432	-
Security Measures	366,828	16,988	152,577	-	536,393	136,621	107,685	-	244,306	292,087	-
Total: Community Assets	**473,504**	**16,988**	**197,577**	**-**	**688,069**	**147,299**	**111,252**	**-**	**258,550**	**429,519**	**-**
HERITAGE ASSETS											
Statues	591,898	35,529	-	-	627,427	-	-	-	-	627,427	35,530
Total: Heritage Assets	**591,898**	**35,529**	**-**	**-**	**627,427**	**-**	**-**	**-**	**-**	**627,427**	**35,530**
OTHER ASSETS											
Land & Buildings	36,649,912	5,256,111	249,308	150,000	42,005,330	4,102,243	1,003,380	-	5,105,623	36,899,707	6,965,680
Office Equipment	746,784	2,276,665	25,430	6,754	3,042,125	511,893	425,842	1,802	935,932	2,106,192	115,300
Furniture & Fittings	1,321,539	912,280	-	-	2,233,819	241,636	191,709	-	433,345	1,800,474	301,340
Plant & Machinery	1,754,596	24,790	-	-	1,779,387	153,860	151,998	-	305,858	1,473,529	222,010
Emergency Equipment	454,055	75,567	-	-	529,622	332,279	60,375	-	392,654	136,968	
Motor Vehicle	2,522,436	678,680	-	207,853	2,993,263	1,932,732	359,924	207,852	2,084,804	908,459	680,000
Land Fill Sites	3,200	-	-	-	3,200	-	107	-	107	3,093	
Computer Equipment	3,301,161	617,610	-	-	3,918,771	2,147,014	652,260	-	2,799,274	1,119,497	782,690
Total: Other Assets	**46,753,682**	**9,841,703**	**274,738**	**364,607**	**56,505,516**	**9,421,657**	**2,845,594**	**209,654**	**12,057,597**	**44,447,920**	**9,067,020**
Less transferred to Non- Current Assets Held for Sale	(150,000)				(50,025)				(50,025)	-	
TOTAL ASSETS	**47,669,084**	**9,894,219**	**472,315**	**364,607**	**57,770,987**	**9,568,956**	**2,956,846**	**209,654**	**12,266,121**	**45,504,866**	**9,102,550**

APPENDIX C

FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost					ACCUMULATED DEPRECIATION				
	Balance at 01/07/2009	Additions	Under Construction	Disposals / Adjustments	Balance at 30/06/2010	Balance at 01/07/2009	Additions	Disposals / Adjustments	Balance at 30/06/2010	Carrying Value
Executive and Council	1,774,100	118,006	-	*139,850* * 6,753.51	**2,025,203**	273,806	344,109	*317,844* 1,802.22	**933,956**	**1,091,247**
Finance & Admin	19,270,698	1,353,906	-	*(13,730,710)* * 207,853	**6,686,040**	8,264,589	913,317	*(4,371,782)* *207,852*	**4,598,272**	**2,087,768**
Planning & Development	25,483,958	8,073,103	319,738	***14,192,344*** * 150,000	**47,919,143**	380,727	1,560,207	*4,308,470* -	**6,249,404**	**41,669,739**
Health	271,711	12,419	-	***(30,453)*** * -	**253,677**	107,054	43,781	*3,132* 0	**153,967**	**99,710**
Community & Social Services	10,995	-	-	***(10,995)*** * -	**0**	3,533	-	*(3,533)* -	**0**	**(0)**
Housing	26,594	306,816	-	***23,816*** * -	**357,226**	10,195	39,536	*9,918* -	**59,648**	**297,577**
Public Safety	981,028	29,970	152,577	***(583,851)*** * -	**579,724**	529,053	55,896	*(264,050)* -	**320,900**	**258,825**
Sport & Recreation	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL PER VOTE	**47,819,084**	**9,894,219**	**472,315**	- * **364,607**	**57,821,012**	**9,568,956**	**2,956,846**	- * **209,654**	**12,316,147**	**45,504,865**
Less transferred to Non- Current Assets Held for Sale	-150,000				-50,025				-50,025	**0**
Total Assets	**47,669,084**	**9,894,219**	**472,315**	**364,607**	**57,770,987**	**9,568,956**	**2,956,846**	**209,654**	**12,266,122**	**45,504,865**

**** Internal Transfers***

APPENDIX D

FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2010

Actual Income 2009 R	Actual Expenditure 2009 R	Surplus / (Deficit) 2009 R		Actual Income 2010 R	Actual Expenditure 2010 R	Surplus / (Deficit) 2010 R
2,148,248	(16,158,118)	(14,009,870)	Executive and Council	1,258,810	(17,576,669)	(16,317,859)
67,134,207	(20,111,658)	47,022,549	Finance & Admin	69,775,704	(27,296,512)	42,479,192
16,164,075	(38,315,337)	(22,151,262)	Planning & Development	19,595,293	(38,429,553)	(18,834,259)
92,000	(1,415,317)	(1,323,317)	Health	214,409	(2,203,681)	(1,989,272)
-	(749,402)	(749,402)	Community & Social Services	-	(399,477)	(399,477)
1,391,224	(1,394,000)	(2,776)	Housing	1,550,172	(1,875,153)	(324,980)
731,420	(1,843,984)	(1,112,564)	Public Safety	1,411,510	(2,435,139)	(1,023,629)
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
-	-	-	Waste Management	-	(142)	(142)
-	-	-	Road Transport	-	-	-
22,997	(28,989)	(5,992)	Water	21,259	(22,836)	(1,578)
6,649	(8,690)	(2,041)	Electricity	8,134	(8,741)	(607)
-	-	-	Other	-	-	-
87,690,820	**(80,025,495)**	**7,665,325**	**SUB TOTAL**	**93,835,290**	**(90,247,902)**	**3,587,388**
-	-	-	Less: Inter-Departmental Charges	-	-	-
87,690,820	**(80,025,495)**	**7,665,325**	**TOTAL**	**93,835,290**	**(90,247,902)**	**3,587,388**

APPENDIX E1

FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus Budget
REVENUE					
Property Rates - DMA	197,853	108,400	89,453	82.52%	Under budget
Property rates - penalties imposed and collection charges	2,061	-	2,061	100.00%	Deviation not significant
Regional Service Levy Replacement Grant	56,927,000	56,927,000	-	0.00%	Deviation not significant
Government grants and subsidies	26,418,642	37,913,070	(11,494,428)	-30.32%	R 2, 512,000.00 was bugeted for Expanded Works Program that was not paid out. R6 122 000 rolled over to 2010 / 11
Actuarial Gains	2,867,566	-	2,867,566	100.00%	Phase in of personnel benefits according to GRAP standards
Service charges	12,550	14,000	(1,450)	-10.36%	Deviation not significant
Rental of facilities and equipment	42,701	36,000	6,701	18.61%	Under Budget
Interest earned - external investments	5,880,677	7,780,000	(1,899,323)	-24.41%	Decrease in interest rates to lower levels than expected
Income for agency services	742,358	715,000	27,358	3.83%	Deviation not significant
Other income	371,883	725,540	(353,657)	-48.74%	Over Budget
Gains on disposal of property, plant and equipment	372,000	372,000	-	0.00%	Deviation not significant
Total Revenue	**93,835,290**	**104,591,010**	**(10,755,720)**	**-11.46%**	
EXPENDITURE					
Executive and Council	17,576,669	20,416,085	(2,839,416)	-13.91%	Expenditure on Special Projects and Legal Fees less than expected
Finance & Admin	27,296,512	27,301,820	(5,308)	-0.02%	Deviation not significant
Planning & Development	38,429,553	59,930,814	(21,501,261)	-35.88%	Under spending on LED projects, roll overs on allocations to category B municipalities and projects withdrawn
Health	2,203,681	2,367,810	(164,129)	-6.93%	Deviation not significant
Community & Social Services	399,477	522,780	(123,303)	-23.59%	Position of Community Development Officer vacant resulted in slow expenditure
Housing	1,875,153	1,925,780	(50,627)	-2.63%	Expenditure limited to revenue received
Public Safety	2,435,139	3,543,156	(1,108,017)	-31.27%	Under spending due to vacancies and underspending of emergency funds
Water	22,836	44,870	(22,034)	-49.11%	Amount not significant
Electricity	8,741	12,780	(4,039)	-31.61%	Amount not significant
Refuse removal	142	12,470			
Sanitation Services		11,510			
Total Expenditure	**90,247,902**	**116,089,875**	**(25,818,135)**	**-28.61%**	

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APPENDIX E2

FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

Revenue	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus budget
COMMUNITY ASSETS					
Land & Buildings	45,000	-	45,000.00	-100.00%	As approved by council
Security Measures	169,565	-	169,565	100.00%	Budgeted under other assets and additional approvals by council
Total: Community Assets	**214,565**	**-**	**214565**	100.00%	
HERITAGE ASSETS					
Statues	35,529	35,530	(1)	0.00%	Deviation not significant
	35,529	35,530	(1)	0.00%	
OTHER ASSETS					
Land & Buildings	5,505,419	6,965,680	(1,460,261)	-20.96%	Expenditure as approved by council and wrong classification in budget
Office Equipment	2,302,095	115,300	2,186,795	94.99%	Wrong classification in budget and expenditure as per council resolution
Furniture & Fittings	912,280	301,340	610,940	66.97%	Wrong classification in budget and expenditure as per council resolution
Plant & Machinery	24,790	222,010	(197,220)	-795.55%	Wrong classification in budget
Emergency Equipment	75,567	-	75,567	100.00%	Expenditure under community asset
Motor Vehicle	678,680	680,000	-1,319.68	0.00%	Deviation not significant
Land Fill Sites	-	-	-	0.00%	Deviation not significant
Computer Equipment	617,610	782,690	(165,080)	-26.73%	Over budget for IT Equipment. Acquisitions not realised due to vacancies
Total Other Assets	**10,116,441**	**9,067,020**	0 **1,049,421**	**10.37%**	
TOTAL ASSETS	**10,366,535**	**9,102,550**	**1263986**	**12.19%**	

FUNCTIONAL AREA SERVICE DELIVERY REPORTING

Function	Sub-Function
General Information	
Executive & Council	
Office of the Municipal Manager	
Department Finance	Supply Chain Management
Department Administration	Human Resource
	Archives, Records & Auxiliary Services
	Environmental Health
	Community Development
	Information Communication Technology
	Fire & Disaster Management
Department Infrastructure Services	
Department Planning & Development	Local Economic Development

General Information

The municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities
- Ensure the provision of services to communities in a sustainable manner
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organizations in the matters of Local Government
- The district does not account for the provision of bulk electricity and water to Category B municipalities as this falls in the jurisiction of these municipalities as concluded in the Structures Act. The housing function is currently still in the jurisdiction of the Provincial Department o Housing & Local Government but will be transfered to the District Municipality.

Good governance is a broad and multi-faceted concept that describes the process, through which the municipality sets priorities, takes decision, strengthens accountability and engages in constructive interaction with the public and other institutions.

Total population: 353,201

Age breakdown:

65 years and over	-	23,022
between 40 and 64 years	-	82,275
between 15 and 39 years	-	152,303
14 years and under	-	95,601

Household Income:

over R3,200 p/month	-	36,805
between R1,600 & R3,200 p/month	-	13,518
between R800 and R1,600 p/month	-	36,768
under R800 p/month	-	134,363

(Source: Community Survey 2007)

Total number of registered voters: - 177,515

(Source: IEC, Northern Cape)

Executive & Council

Overview

The governance system of the Frances Baard District Municipality is a mayoral executive system which comprises of Section 80 Committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Planning and Development). Council is made up of 25 members - 11 female, 14 male.

The function of executive and council within the municipality is administered as follows and includes:

The Executive Mayor heads the municipality and fulfills this governance task in collaboration with the 24 councillors. 14 of these councillors represent the Category B municipalities in the district and 10 councillors were elected through proportional representation, 1 councillor represents the District Management Area (DMA).

The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments. The Speaker is a councillor elected as chairperson of the Municipal Council as per legislation and presides over the meetings of council.

The Speaker also oversees the effective functioning of the council committee system. The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios.

Councillor detail	Total
Total number of Councillors	25
Number of Councillors on Mayoral Committee	6
Ward detail	
Total number of Wards (District, Magareng, Phokwane, Dikgatlong, Sol Plaatje)	49
Number and type of Council and Committee meetings	
Council, Mayoral and Section 80 Committees	
Council meetings	11
Mayoral Committee meetings	8
Section 80 Committee meetings	31

Office of the Municipal Manager

The Municipal Manager is the head of administration for the Frances Baard District Municipality. The Municipal Manager and his team of senior managers are appointed on 5-year performance based contracts.

The Municipal Manager is the interface between the political and administrative arms of the municipality, and also interface with the community on a regular basis.

As the administrative nucleus of the municipality, the Municipal Manager provides strategic direction with regard to governance and administration.

Without assuming the status of a department, the Office has accommodated specific specialist units in the municipality. These include Internal Auditing, Communication and Committee Services.

The above-mentioned functions are administered as follows:

Committee Services: Compile agendas and minutes for Council and its Committees as well as administrative support
Communication: Encourage and create conditions for the local community and other stakeholders to participate in the affairs of the district municipality
Internal Audit: Conducting performance, financial and compliance audits and providing consulting services to management

The strategic objectives of this function are:

The formation and development of an efficient, effective and accountable administration.

The key performance areas for 2009/10 are:

- Municipal Institutional Development & Transformation
- Infrastructure Development and Basic Service Delivery
- Local Economic Development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
The formation and development of an efficient, effective and accountable administration	Implementation of the Internal Audit Services	100%	100%
	Implementation of the Communication Services	100%	100%
	Management of the Municipality	100%	100%
	Implementation of Council Resolutions	100%	100%
	Implementation of national and provincial legislation applicable to the municipality	100%	100%
	Implementation and participation in IGR structures	100%	100%

Department Finance

Overview

The Department of Finance is responsible for the following key performance areas: • Ensuring sustained financial viability for maximum development support • Sound financial administration • Financial monitoring and reporting •Internal control over Council's financial activities and • Equitable financial advisory support to all stakeholders internally as well as externally to Category B Municipalities.

The department consists of the following sub-directorates:

Revenue & Expenditure Management

This Sub-Directorate is solely responsible for the effective and efficient management of revenue & debt collection; expenditure and payroll management; cash & investment management as well as motor vehicle fleet and asset management.

Budget & Treasury Office

Is primarily responsible for the district municipality's financial reporting and budgeting as per MFMA requirements and guidelines provided by National Treasury. The unit also play a significant financial management support role to the Category B municipalities in the district area with regard to the newly developed financial and budgeting reforms framework adopted and prescribed by National Treasury.

Supply Chain Management

The unit is mainly responsible for the implementation of the supply chain management system that is fair, equitable, competitive, transparent and cost effective to ensure best value for money and to apply the highest possible ethical standards in order to promotes local economic development.

The strategic objectives of the Department Finance are:

- To ensure financial management oversight, monitoring and implementation of approved performance management system as per legislation, regulations and policy framework applicable
- To ensure the effective and efficient implementation of expenditure and payroll management as per legislative framework
- To ensure the effective and efficient revenue and debt collection management as per legislative requirements and policy framework
- To ensure the effective and efficient management of cash and investments as per legislative and policy framework applicable to council
- To ensure effective and efficient management of council's motor vehicle fleet and assets as per prescribed legislation, regulations and policies"
- To ensure the effective and efficient implementation of budget and financial reforms as prescribed by National Treasury.

The key issues for the 2009/10 financial year were:

- To ensure 100% effective financial management implementation of departmental functions as prescribed by the MFMA.
- To improve the budget and planning system in compliance with MFMA.
- To ensure that the budget is fully aligned with the IDP.
- To ensure 100% compliance with regard to financial reporting to all stakeholders as prescribed by the MFMA.
- To ensure 100% compliance with GAMAP / GRAP implementation - Directive 4
- To implement effective asset and risk management policies.
- To establish a framework to assist category B municipalities with regard to financial management support and capacity building."
- To ensure the implementation of an effective system for expenditure control in compliance with MFMA requirements.
- To ensure 100% implementation of the supply chain management regulations and approved policy of council.

Analysis of the Function:	*<Provide statistical information on (as a minimum):>*		
1	***Debtor billings: number and value of monthly billings:***		*R (000s)*
	Water at Koopmansfontein	*<total>*	*<total>*
	- Number and amount billed in respect of Koopmansfontein water services for the financial year under review. Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (eg: water, electricity etc)	*23*	*R 14,678*
2	***Debtor collections: value of amount received and interest: (See table below)***	*Received*	*Interest*
	Only water provision function for Koopmansfontein Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function	*R 5,567*	*None*
3	***Debtor analysis:*** Amount outstanding over 30, 60, 90 and 120 plus days:	*<value>*	
4	***Write off of debts:*** Number and value of debts written off:		*R (000s)*
	- Total debts written off each month across debtors by function (eg: water, electricity etc) Note: create a suitable table to reflect write offs each month across debtors by function	*None* N/A	*None* N/A
5	***Property rates*** *(Residential)* :		*R (000s)*
	- Number and value of properties rated	*280*	*N/A*
	- Number and value of properties not rated	*N/A*	*N/A*
	- Number and value of rate exemptions	*N/A*	*N/A*
	- Rates collectible for the current year	*N/A*	*N/A*
	Property in the District Management Area (DMA) valued but property rates not yet implemented.		
6	***Property rates*** *(Commercial)* :		*R (000s)*
	- Number and value of properties rated	*N/A*	*N/A*
	- Number and value of properties not rated	*N/A*	*N/A*
	- Number and value of rate exemptions	*N/A*	*N/A*

	- Rates collectible for the current year	*N/A*	*N/A*
7	***Property valuation:***		
	- Year of last valuation - Regularity of valuation	*<year>* *<cycle>*	*2009* *4*
8	***Indigent Policy:***		
	- Quantity (number of households affected) - Quantum (total value across municipality)	*<total>* *<value>*	*32* *R 10,322*
9	***Creditor Payments:***	*R (000s)*	
	<List creditors here>	*<value>*	*<age>*
	Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days	*None*	*None*
10	***Credit Rating:***		
	<List credit rating details here>		*<date>*
	List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated	*N/A*	-
11	***External Loans:***	*<Received>* *R (000s)*	*<Paid>* *R (000s)*
	- Total loans received and paid during the year	*R 15,266,597*	*R 1,119,034*
	Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan,	-	-
12	***Delayed and Default Payments:***		
	<List delayed and default payments here>	*<value>*	*<date>*
	List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature Note: This information need not be reported here if reported as notes to the accounts.	*None*	*None*

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Unit of measurement	Current		Target	
			Quality	Quantity	Quality	Quantity
Municipal Financial Viability and Management	Ensure the implementation of sound finacial management practices in the municipality. (Debt and credit control, cash flow management, asset and liability management, investment management, etc.)	Percentage compliance.	100%	93,2%	100%	100%
	Ensure financial management capacity building in the three Category B municipalities	Percentage compliance.	100%	47%	100%	47%
	Ensure compliance with the MFMA guidelines, prescriptions and reporting	Percentage compliance.	100%	100%	100%	100%
	Ensure that grant fund spending is in compliance with MFMA and DoRA requirements (% Spending)	Percentage compliance.	100%	102,3%	100%	100%
	Ensure the implementation of a fully compliant Supply Chain Management System	Percentage compliance.	100%	100%	100%	100%
	Ensure clean and unqualified audit reports	Percentage compliance.	100%	120%	100%	100%

Supply Chain Management

Overview

Procurement in the Frances Baard District Municipality is conducted in accordance with the prescripts of Chapter 11 of the MFMA and the Preferencial Procurement Policy Act no 5 of 2000. The purpose and objective of the preferential procurement policy is to provide a framework within which to give effect to the principles of preferential procurement while ensuring adherance to transparent economic, efficient and effective procurement practices.

The function of procurement within the municipality is administered as follows and includes:

The Supply Chain Management Unit in the Department of Finance controls and manage all procurement of the municipality. Any amount above R200 000 is put to tender. The Adjudication and Tender Committees are responsible for the finalisation of the tender process.

The strategic objectives of this function are to:

To give effect to prescribed legislation on supply chain management

To ensure that public funds are managed in an efficient way so that all segments of the South African population benefit from such expenditure

To address the imbalances of the past

To strike a balance between empowering Historically Disadvantaged Individuals (HDI's) and value for money procurement

To stimulate and promote local economic development

To promote small and emerging business, especially locally based enterprises

To obtain the best service and products at the most competitive prices within the framework of existing legislation applicable to procurement.

The key issues for 2009/10 are:

To ensure 100% implementation of the supply chain management regulations and approved policy of Council..

Composition of tender committee:

Tender Specification Committee

Composition according to expertise and experience required (adhoc).

Tender Evaluation Committee

- Director Planning and Development: (Chairperson)
- Manager :LED
- Manager : Physical Infrustructure Development
- Manager : Fire and Disaster Management
- Manager: IDP/PMS Manager (Vice-Chairperson)
- Manager: Environmental Health
- Assistant Director: Budget &Treasury Office
- Manager Supply Chain Management
- Assistant Accountant: SCM (Scribe)

Tender Adjudication Committee

- Municipal Manager
- Director Finance
- Director Infrastructure Development Services
- Director Administration
- Manager Supply Chain Management

Details of tender / procurement activities:	
Total number of times that tender committee met during year	17
Total number of tenders considered	17
Total number of tenders approved	15
Average time taken from tender advertisement to award of tender	25 - 30 days

Key Performance Area	**Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance**	**Current**	**Target**
Supply Chain Management	Implement the supply chain management regulations and approved policy.	100%	100%

Department Administration

Overview

The Directorate Administration of the Frances Baard District Municipality provides an effective and efficient administrative system.

This include the overall management, co-ordination and monitoring of projects to ensure a sustained human resource and corporate support function, including all activities relating to the human resource management function.

The Department Administration is responsible for the sub-directorates:

- Fire and Disaster Management
- Social development and Environmental Health
- Human Resources
- Information Communication Technology

The municipality has a mandate on:

- Human Resources & Institutional Transformation
- Social Development
- Democratic Governance

The strategic objectives of this function are to:

- Ensure that all IT/MIS projects are implemented
- Ensure the promotion and implementation of an integrated human resources management and development programmes.
- Ensure the implementation of the Integrated Institutional Plan for the Department: Administration
- Ensure the promotion, support and implementation of approved social development programmes
- Ensure the promotion and implementation of approved Environmental Health programmes.
- Ensure the development of the Disaster Management Plan and compliance with Disaster Management Act

Key issues for 2009/10 are:

- Review/ completion of HR policies and aligned to appropriate legislation
- Implementation of PMS for all staff members
- Developed and completed a comprehensive Workplace Skills Plan (WSP)
- Implementation of the Employment Equity Plan

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Municipal institutional development and transformation	Completed and submitted Emploment Equity Report to Department of Labour	100%	100%
	Completed and submitted the WSP to LGSeta	100%	100%
	Succesfully complied with statutory obligations	100%	100%
	Succesfully implemented PMS for all managerial and clerical staff	60%	100%
	Succesfully completed the development of the Human Resources Development Strategy	100%	100%
	Developed and succesfully implemented Employee Assistance Programme	100%	100%
	Completed the development of the ICT Master System Plan	100%	100%
	Succesfully completed the upgrade and standardisation of the entire ICT Network Infrastructure	100%	100%
	Successfully completed and reviewed a Risk Reduction Strategy for the District	100%	100%
Good governance and public participation	Succesfully utilized the Discretionary Funds to provide relief to vulnerable communities during disasters	100%	100%
	Successfully completed and reviewed the HIV/Aids Plan	100%	100%
	Successfully implemented a waste collection and disposal service for Koopmasfontein	100%	100%
	HIV/ AIDS and other approved social programmes successfully extended throughout the District	100%	100%

Human Resource

Overview

This unit is responsible for the provision of an effective and sustainable human resources management function.

The key activities associted with this function are:

- Labour Relations
- Recruitment and selection
- Perfomance Management to non section 57 managers
- Skills development
- HR Policy Development
- Occupational Health & Safety
- Employee Wellness
- Conditions of service
- Payroll and the Organizational Structure

The strategic objectives of this function are to:

- To provide effective and efficient Human Resources management function at Frances Baard District Municipality
- To provide HR support services to all local municipalities in our Distrcict."

The key issues for 2009/10 were:

- Submission of the Employment Equity Report to DOL
- Submission of the WSP to LGSETA
- Review and aligning the organogram to the IDP
- Operationalising the Local Labour Forum.

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Municipal institutional and developmental transformation	The drafting of the HR Policies and aligning them with relevant legislation.	100%	100%
	Improved SP filing system plan.	100%	100%
	Submission of WSP to Lgseta	100%	100%
	Submission of the Employment equity report to Department of Labour	100%	100%
	Implementation of PMS to non section 57 employees	60%	100%
	Access to the EAP	80%	100%
	Fully effecticve Local Labour Forum	100%	100%
	Fully effective health and safety committee	100%	100%
	Approved organogram linked to the IDP	100%	100%

Every year the strategic planning process for the FBDM is priorotised by management as an activity which is conducted away from the normal office routine.

Archives, Records and Auxiliary Services

Overview

The key activities of the unit is to provide archives, records, repography, office cleaning, gardening and frontline office (reception) services.

The strategic objectives of this function are to:

- To provide effective and sound records management (creation, maintenance, usage and disposal of records)
- To provide auxiliary support services (cleaning, repography, gardening and reception)"

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Municipal institutional and developmental transformation	The alteration of File Plan from Afrikaans into English version	100%	100%
	Amendments to the approved file plan	80%	100%
	Policies related to effective management of records and other records	100%	100%
	Records Management Awareness Sessions	100%	100%
	Disposal of unsuccesfull applications and related records	90%	100%
	The safekeeping of paper and electronic records	80%	100%
	The maintenance of building	100%	100%
	The maintenance of garden services	100%	100%
	The reprography and reception services	100%	100%

Community Development

The function of the Community Development is to create a permanent link between communities, municipalities and government structures and to assist various community groups to access the full basket of government services.

The strategic objectives:

This sub-directorate is responsible for ongoing liason with various stakeholders including assisting communities to access various government services and private donor programmes (i.e access to Social Grants from Social Services, ID's and birth certificates from Home Affairs). Assisting in the creation of awareness around HIV/ AIDS and the distribution of promotional material. Working in close collaboration with the various communities in the DMA through participatory governance.

The key issue for 2009/10 were:

Provision of a stable social environment conducive to social development.

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
HIV/ AIDS and related diseases	Successfully Implemented	70%	100%
Community out-reach programmes	Successfully Implemented	99%	100%
Community capacity building	Successfully Implemented	100%	100%
Participatory governance programmes	Successfully Implemented	90%	100%
Community Crime prevention and Social Security programmes	Successfully Implemented	100%	100%

Environmental Health

Overview

This sub-directorate operates under the ambits of the National Health Act and regulations, National Environmental Management Act; National Environmental Management: Waste Act; Environmental Concervation Act; Foodstuffs, Cosmetics and Disinfectants Act and regulations, SANS code, National Air Quality Act including all other Environmental Health Acts, Regulations and By-laws.

The function of Environmental Health within the municipality is administered as follows and includes:

The rendering of direct and on an agency basis an enviromental health service which includes the identification, monitoring , evaluatuion, facilitation of all environmental health issues within the DMA, Magareng and Dikgatlong Municipalities and the rural hinterland of Phokwane Municipality. These service includes: water monitoring; food control: evaluation of food and non- food premises; sampling of food products; waste management and general hygiene monitoring; health servaillance of premises; surveillance and prevention of communicable diseases; vector control monitoring; environmental pollution control; control and monitoring of hazardous substances; chemical safety; managing, controlling and monitoring exhumations and reburials; managing and controlling of pauper burials and poverty alleviation projects.

The strategic objective of this function are to:

Maintain an efficient and effective delivery of Environmental Health Services within the District

The key issues for 2009/10 were:

- Water quality monitoring
- Monitoring and evaluation of Food Premises and Non -Food premises
- Moniting and evaluation of water and sanitation environment.
- Management of health risks in the Local Municipalities.
- Facilitate HIV/AIDS; STI's and TB programmes.
- Monitoring the handling and disposal of domestic and health care waste
- Control the spread of possible disease outbreaks
- Planning and implementation of recycling projects.
- Facilitation and advocation of Enviro-clubs and the River-health programme

Number, cost of public,private premises servicing population:	
Monitoring and evaluation of Food Premises.	398
Monitoring and evaluation of Non Food Premis-es	124
Foodsamples taken (from total district)	396

Special projects	**No.**	**Cost**
HIV/Aids; STI's and TB campaigns	31	R38,794
Sanitation awareness campaigns	23	R10,836
Refurbishment and completion of waste buy-back centres	2	R118,409
Implementation of Koopmansfontein refuse removal and disposal service	1	R24,000
Purchasing and distribution of refuse bins	350	R 63,014
Establishment of Enviro Clubs	10	R 3,782
Implementation of river-health programme	7	R 6,048

Key Performance Area	**Performance During the Year, Targets Against Actual Achieved & Plans to Improve Performance**	**Current**	**Target**
Drinking water quality sampling to ensure compliance with legislation	Succesfull implemention	100%	100%
Present and facilitate HIV/ AIDS; STI's and TB awareness campaigns in the district	Succesfull implemention	95%	100%
Facilitate sanitation campaigns in the district	Succesfull implemention	100%	100%
Establish and co-ordinate Enviro-clubs in the district	Succesfull implemention	90%	100%
Facilitate the river-health programme in the district	Succesfull implemention	75%	100%
Distribution of refuse bins in Dikgatlong	Succesfull implemention	100%	100%
Implement and facilitate the Koopmansfontein refuse removal and disposal service	Succesfull implemention		100%
Review and update of HIV/Aids Plan for the District	Reviewed/succesfull implementation	100%	100%

Information Communication Technology

To provide an effective and efficient information technology system to all stakeholders in a controlled (risk free, well-managed) ICT environment. Provision of ICT functions by supporting and maintaining ICT infrastructure in the District.

The strategic objectives of this function are:

To render an effective and efficient information technology services to all end users through support and maintenance of ICT infrastructure.

The key issues for 2009/10 were:

- Review of the IT Master Systems Plan
- Resuscitate the ICT Steering Committee
- Upgrading of ICT Network Infrastruture
- Replacement of old Computers and introduction of centralized printing
- Ensuring Software Compliance and hardware standardization.
- The introduction of centralized printing system.
- Installation and Maintenance of the District Wide Area Network - (E-Venus sipport)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Support and Maintenance of ICT Infrastructure	Fully completed ICT Master Plan	100%	100%
	Fully functional ICT Steering Committee	70%	100%
	Replacement of old Computers and introduction of centralized printing	100%	100%
	Percentage for Upgrading of ICT Network Infrastruture.	100%	100%
	Percentage of Installation and Maintenance of the District Wide Area Network - (E-Venus support)	70%	100%
	Percentage of the acquisition of E-Venus Financial Server	100%	100%
	Percentage of Software Lisence Renewals.	100%	100%

Firefighting & Disaster Management

Overview

The Disaster Management sub-directorate of the municipality is administered as follows and includes:

The implementation of the Disaster Mangement act (Act 57 of 2002) which incorporates the following:

- The development and updating of the District Disaster Risk Management Plans
- The establishment of the District Disaster Management Centre and the Satelite Disaster Management centres within the Category "B" municipalities
- The recruitment and training of volunteers in the handling of incidents of the identified risks
- Fulfil the Disaster Management mandate in the Category "B" municipalities
- The implementation of the Veld and Forest fires Act (Act 100 of 98) which includes the establishment of Fire Prevention Associations (FPA's) with the cooperation of Department of Water and Forestry
- Training and equipping of FPA's.

The strategic objective of this function is to:

To manage Disaster Management and Fire fighting and services for the District

The key issues for 2009/10 were:

- Implementation of the approved Disaster Management Plan
- Development of planninig document for the establishment of the District Disaster Management Centre
- Establishment of the District Disaster Management Advisory Forum (DDMAF)
- Implementation of the fire grant in consultation with the category"B" Municipalities
- Implementation of the NEAR conditional grant

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Review risk assessment to update the disaster risk profile for FBDM.	Successfully Completed	100%	100%
Respond to incidents/ disasters	Successfully Completed	100%	100%
Assistance in terms of disasters/ incidents in conjunction with municipalities	Successfully Completed	100%	100%
Create a link and align communications for Disaster Management DM with Communications Unit e.g. crisis communication	Successfully Completed	100%	100%
Implementation of the Fire grant in Consultation with the Category"B" Municipalities	Successfully Completed	100%	100%
Recruitment and training of volunteers.	Successfully Completed	100%	100%
Implementation of the NEAR condi-tional grant.	Successfully Completed	100%	100%

Number of call outs attended		
Emergency call outs	0	
Veldfires		13
District Municpal Area	7	
Dikgatlong	1	
Magareng	3	
Phokwane	2	
Structural fires		6
Dikgatlong Dwelling	5	
Phokwane Dwelling	1	
Magareng	0	
District Municpal Area	0	
Note: the total number registered, based on call classification at municipality.		
Average response time to call outs	10 min	
Total number of Disasters occurred	0	
Total number of incidents		
Floods	1	
Veldfires	11	
Gailforce winds (Damage to Structures):	4	
Total number and type of emergencies leading to a loss of life or Disaster	1	
Type and number of grants and subsidies received		
NEAR grant, Fire Fighting grant	2	
NEAR grant,		R 725,000
Fire Fighting grant		R 320,000
Total value of specific public safety grants actually received during the year to be recorded over five quarters- April to June last year, Jul - Sept, Oct to Dec, Jan-Mar, Apr to Jun this year.		R 1,045,000
Total operating cost of Fire and Disaster function		R 2,036,444

Department Infrastructure Services

Overview

The role of the Department Infrastructure Services is to provide and support the delivery of effective, efficient, sustainable municipal services compliant with relevant legislation within the Frances Baard District.

The following sub-directorates resort under Infrastructure Development Services:

- Municipal Infrastructure
- Roads & Mechanical
- Housing Unit

The Municipal Infrastructure Development Unit facilitate the development of infrastructure in Category B Municipalities and the DMA. It also provides basic services to rural settlements in the DMA. This unit facilitates the spending of government grants and our own funding to eradicate backlogs in the whole district.

The Roads Maintenance section is an agency function for the Provincial Department of Transport and Public Works. Gravel roads are maintained on behalf of the provincial department. The funding for this function has not kept pace with the growing demand and difficulties are experienced in the maintenance of the district roads.

The Mechanical Support Function forms part of the roads agency.

The primary aim is to offer mechanical support to the Roads Maintenance Section. Mechanical Support is also provided to the eastern region of the Provincial Roads Maintenance section. Mechanical assistance is also provided to the district municipality in terms of its own vehicle fleet.

The District Municipality is currently in a process to get accredited to perform the housing function. During the year we reached level 2 accreditation while level 3 is needed to perform the full function.

The strategic objectives of this function are to:

- To effectively manage all administrative services vested in the Department of Infrastructure Development Service
- To effectively manage the Roads Agency Function
- To effectively manage Infrastructure development
- To effectively implement National Key Performance Indicators

Key issues for 2009/10 were:

- Provide water and sanitation to targets set by National Government
- Completion of business plans or project plans
- Work within parameters of SLA with Department of Transport Roads and Public Works
- Number of jobs created through the municipality's initiatives and capital projects

Number of households with services, and type and cost of service:	Total	Cost
- Pit latrine with ventilation (Urine diversion systems)	35	
- Water provision (in house)	35	
Free Basic Service Provision	**Total**	**Cost**
- Sanitation	35	
- Water provision (6 kl per household per month)	35	R 16,000
- Electricity supply	35	R 10,200
Frances Baard District Municipality provides free basic services (water and sanitation) to RDP Standards to the communities residing in the DMA. Sol Plaatje, Magareng, Phokwane and Dikgatlong Municipality each provide sanitation to RDP standards while Magareng, Dikgatlong and Phokwane provide free basic water (6 kl) only to indigents. Sol Plaatje provides 12 kl to indigents. Of the 76 855 households in the district, 28 663 of these are registered indigents. In essence this indicates that 37% of the district is indigents.		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Reduction of backlog in Basic Infrastructure	An amount of R16 336 000 was allocated to spend on backlogs in the local municipalities. R1 700 000 was also rolled over from the previous year. A total amount of R13 836 000 (85%) were spent on water & sanitation, electricity, roads and community services such as parks and cemeteries.	100%	100%
Provide sustainable basic services in Koopmansfontein	Free Basic Services were provided to the Koopmansfontein community without any interruption during the year.	100%	100%
Maintenance of municipal infrastructure in district	An amount of R9 505 000 was allocated for operation and maintenance activities in the local municipalities. All applications for assistance with O & M were met.	100%	100%
Road Agency function	The budget was R7 392 000. The amount was spent according to the Service Level Agreement.	100%	100%

Department of Planning and Development

Overview

The Department of Planning and Development came into operation on 01st July 2008 in terms of Council resolution. The department was created in order to enable the district municipality to discharge its constitutional mandate as contained in Schedule 4 Part B of the Constitution of South Africa 1996 and its legislative mandate as provided for by Chapter 5 of the Municipal Systems Act 2000.

The overall mandate of the department is to facilitate strategic planning, support town and regional planning in category B municipalities, facilitate integrated development planning in the district, promote the development of geographic information systems (GIS), and ensure sustainable development of the district economy.

The strategic objectives of this department are to:

- Ensure the promotion and implementation of an efficient and effective town planning function in the municipality.
- Ensure the implementation of sustainable integrated development planning in the municipality.
- Ensure that the municipality has an effective and efficient GIS.
- Ensure an efficient and effective development and promotion of tourism and local economic development in the district.
- Ensure that the municipality has an effective and efficient performance management system in place.

The key issues for 2009/2010 were:

- Provide town planning assistance to local municipalities
- Assist in developing credible IDP's in the district
- Provide GIS data base and assistance to local municipalities
- Promote LED in the district

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Actual	Target
Institutional Development and Transformation	1. Implementation of the IDP	100%	100%
	2. Credible IDP's in the district	100%	100%
	3. Monitoring of IDP Projects	100%	100%
	4. Implementation of GIS	100%	80%
	5. Maintenance of the GIS	100%	100%
	6. Implementation of the Institutional PMS	100%	100%
	7. Implementation of the Individual PMS	100%	100%
	8. Implementation of Indvidual PMS in the department	100%	100%
	9. Town Planning support to category B municipalities	100%	100%
	10. Support in Land-use Management to category B municipalities	100%	100%
Local Economic Development	11. Promotion of LED capacity building in the district	100%	100%
	12. Promotion of tourism development in the district	100%	100%
	13. Adoption of a programme to implement the DGDS	100%	100%
Financial Viability and Management	14. Implementation of financial systems and policies	100%	100%
	15. Spending of grant fund	100%	100%
Good Governance and Public Participation	16. Public participation	100%	100%
	17. Implementation of communication strategy	100%	100%
	18. Implementation of the approved organogram	100%	100%

Local Economic Development

Overview

The Sub-Directorate Local Economic Development is a sub-function of the Department Planning & Development. It's primary mandate is derived from Section 152 (c) of the Constitution - Objects of Local Government, "To promote social and economic development.

The function of economic planning / development within the municipality includes:

- The promotion of the economic profile of the District ,
- Capacity building of local Municipalities with the necessary skills for economic and social development,
- Attraction of investment to the District through the creation of an investment friendly environment,
- Provide a channel for network information between business and sector departments and communities.

The strategic objectives of this function are:

- SMME Development and Support
- Formation of Public-Private Partnerships
- Investment Promotion
- Tourism development

The key issues for 2009/10 are:

- Completion and adoption of the District Tourism Strategy
- Support and assistance to SMME's
- Development of an Investment and Marketing Strategy
- Support rendered to SMMEs in the District to showcase Tourism products
- Provide ongoing support to Koopmansfontein Craft Project and all Local Municipality projects
- Plan and launch the District Growth and Development Strategy
- Assist Local Municipalities in implementing projects

List of projects during 2009/10	
Tannery Project	R200 000.00
Tourism Strategy	R300 000.00
Marketing & Investment Strategy	R500 000.00
Indaba Trade Expo	R100 000.00
Advertisng	R200 000.00
Youth Entrepreneurial Development Project	R671 200.00
LED Forum	R4 000.00
Product Owners' Meeting	R15 000.00
NCTA Support Grant	R150 000.00
N12 Treasure Route Contribution	R20 000.00
Zwavhudi Enterprise	R26 000.00
Retsanang Vegetable Project	R76 000.00
Detail and cost of other Urban Renewal Strategies	
District Growth and Development Strategy	R232,616.96
Number of people employed through job creation schemes	
Youth Entrepreneurial Development Project	25
SMME Database	8
Retsanang Vegetable Project	14
Call Centre	50
Emerging Contractor (40x8 per contract)	320
Mining beneficiation	50
Koopmansfontein	17
Type and number of grants and subsidies received	
Grant for business competition from Deptartment of Tourism	1

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
District LED Strategy completed and adopted by Council	District Growth & Development Strategy Launched	100%	100%
Development of a Tourism Strategy	Successfully completed	100%	100%
Support and Assistance to SMME's	Ongoing support and assistance to showcase products and services	100%	100%
Development of the Marketing & Investment Strategy	Successfully completed	100%	100%
Youth Entrepreneurial Development Project	Programme initiated in March. Continuing	100%	100%
Participation of identified SMME's in Tourism Indaba	Successfully showcased SMME products and services	100%	100%

Geographic Information System

Overview

Frances Baard District Municipality established GIS in July 2003 with the assistance of Development Bank of Southern Africa. The GIS is one of the tools that is capable of facilitating the collection and integration of different pieces of data and information.

Recognising the importance of GIS in enhancing the capacity of the District to discharge its developmental mandate and support local municipalities to discharge their mandate a request for a grant funding was submitted to the DBSA.

The application was for the acquisition, installation and implementation of GIS software. In 2009 the FBDM established its Corporate GIS to meet its mandate.

Description of the Activity

- Sourcing, hosting and update of GIS base data for Frances Baard
- Produce suite of popular maps from A4 to A0 size
- Production of a mapbook series with user specific data
- Customised maps as per user requirements
- Creation and update of GIS website available to all
- Data distribution service in accordance to policy
- Assistance with specifications for GIS and checking of data for compliance to specification
- Management of all GIS infrastructure and technical assistance

The key issues for 2009/10 are:

- User requirement assessment
- Development of the Frances Baard Corporate GeoDatabase
- Development of a GIS Strategy
- Development of the Frances Baard GIS Website

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Municipal Transformation and Institutional Development	Establishment of coparate GIS	100%	100%
	User Requirment Assesment Document	100%	100%
	GIS Website	100%	100%
	Comprehensive GIS Database	100%	100%
	GIS Strategy and Policies	100%	100%
	Capacity bulding and skill transfer to local municipality	0ngoing	100%

FBDM officials receiving training on the correct use of the GPS device to capture data.

Glossary

DBSA	-	Development Bank of South Africa
DMA	-	District Management Area
DWAF	-	Department Water Affairs & Forestry
EAP	-	Employee Assistance Programme
EPWP	-	Expanded Public Works Project
FBDM	-	Frances Baard District Municipality
FPA	-	Fire Prevention Association
GAMAP	-	General Accepted Municipal Accounting Practice
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
IDP	-	Intergrated Development Plan
IEC	-	Independent Electoral Commission
IGR	-	Inter-Governmental Relations
IMFO	-	Institute of Municipal Finance Officers
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
LGSETA	-	Local Government Sector Education & Training Authority
MFMA	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant
NEAR	-	National Emergency Alarm Radio System
O&M	-	Operation and Maintenance
PAYE	-	Pay As You Earn
PMS	-	Performance Management System
PMU	-	Project Management Unit
SDBIP	-	Service Delivery & Budget Implementation Plan
SDF	-	Spatial Development Framework
SIDA	-	Swedish International Development Agency
SITE	-	Standard Income Tax Employees
SLA	-	Service Level Agreement
WSP	-	Workplace Skills Plan

Contact Information

POSITION	NAME	TEL. NO.	E-MAIL
Executive Mayor	Achmat Florence	053 - 838 0902	achmat.florence@fbdm.co.za
Speaker	Maria Chwarisang	053 - 838 0992	
Municipal Manager	Thabo Nosi	053 - 838 0998	thabo.nosi@fbdm.co.za
Chief Financial Officer	Hannes van Biljon	053 - 838 0944	hannes.vanbiljon@fbdm.co.za
Director: Technical Services	Peet van der Walt	053 - 838 0926	peet@fbdm.co.za
Director: Administration	Nomama Kgansti	053 - 838 0903	nomama.kgantsi@fbdm.co.za
Director: Planning & Development	Frank Mdee	053 - 838 0920	frank.mdee@fbdm.co.za
Local Economic Development	Basil Louw	053 - 838 0911	basil.louw@fbdm.co.za

Notes

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FRANCES BAARD
DISTRICT MUNICIPALITY

OVERSIGHT REPORT ON THE ANNUAL REPORT
2009/2010

Content

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1. INTRODUCTION

Frances Baard District was categorized as a medium capacity municipality by National Treasury in terms of the implementation of the Municipal Finance Management Act, 56 of 2003 (MFMA).

The 2009/2010 Annual Report was tabled to Council on the 19th of January 2011 in compliance with the MFMA which requires under Section 127(2) that:
i) "The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality".
b) When tabled, the annual report should include four main components, each of which has an important function in promoting governance and accountability. The main components are:
i) The annual performance report as required by section 46 of the MSA;
ii) Annual Financial Statements submitted to the Auditor-General;
iii) The Auditor-General's audit report on the financial statements in terms of Section 126 (3) of the MFMA; and
iv) The Auditor-General's audit report on performance in terms of Section 45 (b) of the MSA.
c) Section 129 of the MFMA requires the council to consider the annual report of its municipality and to adopt an Oversight Report containing the council's comments on the annual report.

2. OVERSIGHT COMMITTEE

An Oversight Committee was established by Council resolution COUN 02 07/06 in terms of sections 33 and 79 of the Municipal Structures Act, 117 of 1998. The Committee consists of:

Mr G Mashope	Chairperson (former Secretary to the Legislator)
Mr M van Niekerk	Retired Chartered Accountant
Cllr K J de Kock	Finance Committee member
Cllr M Hattingh	Finance Committee member
Cllr T S Kgaladi	Finance Committee member
Cllr L O Mothomme	Finance Committee member

3. COMMENTS ON ANNUAL REPORT

The Committee considered the Annual Report for 2009/2010 according to a checklist provided by National Treasury in MFMA Circular No. 32 for this purpose and reports as follows:

3.1 Comments by community and other stakeholders

No response was received by the municipality in response to the invitation for comments on the Annual Report placed in a local newspaper on the 20th January 2011.

3.2 Council bank account disclosures

Only one bank account for Council has been disclosed in the annual report. Council has only the ABSA bank account and investment accounts. The disclosure of the investment accounts is not a requirement.

3.3 Obituary – Mr T Nosi

An obituary for the late Mr T Nosi has not been included in the annual report. The "Message from the Municipal Manager" is however the last piece of material written by Mr Nosi and was captured as his contribution to the annual report.

3.4 Clarity on financial issues

Some questions on clarity were raised on the matters below:

- Issues related to the financial statements i.e.
  - The page numbers on the Auditor-General's report were omitted
  - The capital replacement reserves was less in 2009/10 as compared to 2008/09
  - The information received from the Cape Retirement Fund stated information dating back to 2006 and is not reflecting annual information

3.5 Criteria for the allocation of funds to local municipalities

The funds allocated to local municipalities in the 2009/10 financial year were distributed equally. In previous years the amounts allocated to the local municipalities differed because the district municipality funded actual projects. In the 2009/10 financial year the district municipality co-funded on the MIG projects.

3.6 Operation and Maintenance (O&M)

The amount for O&M doubled in 2009/10 as compared to 2008/09. There is an enormous need for O&M at the local municipalities. O&M is not done on a needs or application basis but is determined by the municipalities. The allocation towards O&M started at R350,000 and has steadily increased to R10m which is used to support the O&M at the local municipalities.

3.7 Clarity on human resource related issues

Some questions on clarity were raised on the matters below:

- The popularity of the employee assistance programmes should be monitored to determine which is the most preferred by the employees
- The 2009/10 Annual Report does not include a report on employment equity, although there seem to be progress in attaining equity
- The balance in terms of gender distribution seems to be in order. However, the female representation at directors and corporate managers' level is skewed in favour of males
- Salaries and wages comprise almost 66.67% of the remuneration packages. Section 57 employees and those managers who have been appointed on a contract basis can structure their packages. The remuneration packages of permanent employees are regulated by the bargaining council agreement and legislation which is within the norm of 35% in terms of salaries versus total operational expenditure
- The report indicates that 120 employees were eligible for long service bonuses. The provision is a requirement of GRAP and is provided for under Council liability as calculated by an actuary in terms of all employees in the service of Council.

4. RESOLUTIONS AND STATEMENT REQUIRED BY MFMA s129(1)

4.1 Council having fully considered the Annual Report of the Frances Baard District Municipality for 2009/2010 adopts the Oversight Report.

4.2 Council approves the Annual Report without reservations.

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CHAIRPERSON **DATE**